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|---|---|---|
| Austria ... Sch 18 | Indonesia .. Rp 2500 | Portugal ... Esc 75 |
| Bahrain .. Din 0.650 | Italy ...... L 1100 | S. Arabia .. Rls 6.00 |
| Belgium ... BFr 38 | Japan ...... Y550 | Singapore . S$ 4.10 |
| Canada ... C$2.00 | Jordan ... Fils 500 | Spain .... Pta 100 |
| Cyprus .. Mils 600 | Kuwait ... Fils 500 | Sri Lanka ...Rup 30 |
| Denmark .. Dkr 7.25 | Lebanon .. £L 6.00 | Sweden .. Skr 6.50 |
| Egypt .... E£1.00 | Luxembourg . LFr 39 | Switzerland SFr 2.00 |
| Finland .. Fmk 5.50 | Malaysia .. Rm 4.25 | Taiwan ... NT $85 |
| France .. FFr. 6.00 | Mexico .. Pes. 300 | Tunisia .. Din 0.600 |
| Germany . DM 2.20 | Morocco .. Dh 6.00 | Turkey .... L 160 |
| Greece .... Dr 60 | Netherlands Fl 2.50 | U.A.E .... Dh 6.50 |
| Hong Kong HK$ 12 | Norway .. Nkr 6.00 | U.S.A. .... $1.50 |
| India .... Rup. 15 | Philippines . Pes. 20 | |

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# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,300 Tuesday April 17 1984 D 8523 B


Latin American debtors try to take the initiative, Page 18

# NEWS SUMMARY

## GENERAL

## UK coal strike 'threatens crisis'

British union leader Terry Duffy warned that miners' dispute could develop into worst national crisis since 1974, when a miners' strike precipitated a general election.

Most National Union of Mineworkers leaders intend to continue with their present strategy of area strikes in the dispute, now in its sixth week, and are reluctant to press for national ballot on strike action at special delegate conference to be held on Thursday. Page 20

### President for trial

Ousted Nigerian President Shehu Shagari will be tried by a military tribunal, said Brigadier Paul Omu head of the regimes main legal panel. No charges were indicated.

### Sri Lankan bombing

A parcel bomb killed four members of a Sinhalese family in their home in Sri Lanka's capital, Colombo.

### Student flees Kabul

An East German woman student on a Kabul University course who escaped to Pakistan has been flown to Frankfurt.

### Philippines deaths

At least 18 communist rebels and five soldiers were killed in a battle at a river ferry in the Philippines island of Mindanao.

### Rebels 'kill 290'

Angolan rebels said they had killed 250 Government troops and 40 Cubans in six northern and central provinces between April 4 and 14.

### Gangster held

French police said they had arrested Naples gangster Michel Zaza, who escaped from a Rome clinic after being jailed in December.

### Amritsar killings

Internal dissension within the Sikh leadership is believed to have led to the decapitation in Amritsar of a man, suspected of killing an extremist, and of a woman. Page 4

### Moscow plays it cool

The Soviet Union said that it would not decide whether to send a team to the Los Angeles Olympic Games until late May, and that the decision would depend on the behaviour of the U.S. authorities. Page 3

### New York massacre

New York police were investigating the killings of seven children and three women in a Brooklyn house.

### Swapo denial

Swapo, the Namibian independence group, denied responsibility for the bomb which killed two U.S. diplomats in the north of the country on Sunday. Page 4

### British spy jailed

British secret service officer Michael Bettaney, 34, was found guilty in London on ten charges involving offering to spy for the Soviet Union, and was jailed for 23 years.

### De Lorean trial

Failed car maker John De Lorean goes on trial in Los Angeles tomorrow for trying to buy cocaine worth $20m. Page 5

### Briefly . . .

Sen Patrick Moynihan has resigned only as vice-chairman of the Senate Intelligence Committee, not from the committee itself as incorrectly reported yesterday.

## BUSINESS

## France expects heavier deficit

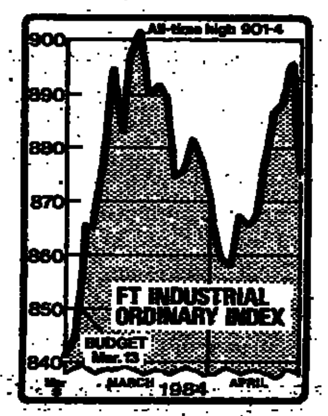
FRANCE has revised its forecast trade deficit for this year from the target of FFr 7bn ($865m), to between FFr 20bn and FFr 25bn because of the strength of the dollar. Last year's deficit was FFr 42.25bn.

LONDON: FT Industrial Ordinary index fell 20 points because of the coal strikes, and government securities dropped by nearly half a per cent. Report, Page 41. FT Share Information Service, Pages 42, 43

WALL STREET: Dow Jones Industrial Average was up 2.09 at 3pm, on 1,152.22. Report, Page 37, Full share prices, Pages 38–40

DOLLAR advanced to DM 2.6375 (from DM 2.6225), to FFr 8.1175 (FFr 8.07), SwFr 2.1865 (SwFr 2.1735) and Y225.4 (Y224.45). Its Bank of England trade-weighted index rose from 127.3 to 127.6. Page 47

STERLING fell 90 points to $1.421, to DM 3.75 (DM 3.7525), FFr 11.535 (FFr 11.54) and Y320.5 (Y321) and was unchanged at SwFr 3.11. Its trade weighting was down from Friday's 79.9 to 79.8. Page 47




TOKYO: Nikkei Dow index edged up by 4.46 to 11,019.67, and the Stock Exchange index slipped by 2.19 to 864.08. Report, Page 37. Leading share prices, other exchanges, Page 40.

GOLD rose $0.5 from Friday's close in London to $380.5. It also rose $0.5 in Frankfurt to $380.75 and by $0.25 in Zurich to $379.75. Page 46

EEC social and welfare spending fell from under a fifth of gross domestic product in 1970 to more than a quarter in 1982.

EUROPE'S major diesel and thermal power groups are scrambling for contracts revived by Indonesia after cuts. Page 6

CHASE MANHATTAN, U.S. banking group, reported first-quarter net income 3 per cent down at $102.5m. Security Pacific figures for the same period were 11 per cent better at $67.9m. Page 21

LAPORTE INDUSTRIES, UK chemical company, plans to sell its titanium dioxide business to SCM corporation of the U.S. for an expected £85m–£90m ($120m–$128m). Page 20

CITICORP, largest U.S. banking group, won Federal Reserve Board approval to enter the British life insurance business. Page 29

STROMBERG-CARLSON, the U.S. telecommunications group owned by Plessey of the UK, has won a three-year contract worth up to $90m to make equipment for Continental Telecom. President resigns, Page 7

B. F. GOODRICH, fourth largest U.S. tyre manufacturer, reported profits of $9.9m or 40 cents a share for the first quarter against a loss of $7.8m, equal to 57 cents a share, in same period last year.

The editorial content of today's international edition has been restricted because of industrial action by IG Druck und Papier at Frankfurter Societäts-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. share prices.

# Banker 'strangled after cautioning on Carrian loan'

BY A SPECIAL CORRESPONDENT IN HONG KONG

THE high court in Hong Kong was told yesterday that a Malaysian banker was strangled in a hotel bedroom after urging caution over a loan to the now-defunct Carrian group. His body was alleged to have been taken out of the hotel in a large suitcase and dumped in a banana grove.

Yesterday saw the beginning of the public hearings of a trial which has already taken up three weeks of legal arguments in camera and has aroused enormous speculation in Hong Kong about the affairs of the former Carrian empire and its former chairman, Mr George Tan. The group and Mr Tan have massive debts, including an estimated U.S.$500m – mostly unsecured – to Bank Bumiputra Malaysia Finance, a wholly-owned subsidiary of the Malaysian Bank.

Mr Tan and his chief lieutenant, Mr Bentley Ho, are due to stand trial in September on fraud charges.

The London-born lawyer who handled many of their property deals during the boom years, Mr John Wimbush, was found dead at the bottom of his swimming pool last Friday with a concrete manhole cover tied around his neck.

Mr Wimbush died only hours after returning early from leave in Britain so that he could help police with Carrian inquiries yesterday.

The trial that began yesterday before a jury of seven Chinese involved the murder of the assistant general manager of Bank Bumiputra Finance, Jalil Ibrahim. In the dock was another Malaysian, 32-year-old Mak Foon Than, who has pleaded not guilty. He limped into court using a crutch because, the court was told, he had fallen from a window when police stormed a flat and he had broken his pelvis.

At least 50 witnesses are expected to be called in the trial, which is likely to last until the end of next month. Apart from hearing witnesses, the entire court will this week visit the banana grove near the Chinese border where Jalil's body was found, the hotel bedroom where he was allegedly strangled, and the block of flats where the accused broke his pelvis.

Yesterday's public hearing went ahead after an attempt by Mr George Tan and Mr Bentley Ho to have the trial held in secret was rejected by the appeal court.

In an opening statement the deputy crown prosecutor, Mr Anthony Duckett, said that Mr Jalil had gone to Hong Kong as part of an internal audit team, and in March last year was appointed one of two assistant general managers. Mr Duckett said it was especially significant that Mr Jalil was concerned with loans, which had to be approved by a supervisory committee in Malaysia.

The court was told by the prosecution that on the day Mr Jalil returned to work after leave last July 18, he was told by the other assistant general manager, Mr Henry Chin, that a $4m loan had to be approved for companies associated with Carrian and Mr George Tan. He prosecution maintained that authorisation of that loan would have been vital to ensure the salvage of the Carrian empire.

However, the prosecution said, that same morning Mr Jalil was summoned to a luxury hotel in Hong Kong to cash $5,000 worth of travellers' cheques for someone purporting to be a prominent Malaysian businessman.

The prosecution maintained tha twben he arrived at the hotel Mr Jalil was met by the accused and then spent several hours in his hotel room.

At some stage, the accused – Mak Foon Than – went to a nearby shop-

Continued on Page 20

# S. African peace pact a setback, Kaunda declares

By Michael Holman in Lusaka

THE NON-AGGRESSION pact signed by Mozambique and South Africa in March had "profound" and "adverse" consequences for the region which would be discussed at a summit of black front-line states in Tanzania later this month, President Kenneth Kaunda of Zambia said yesterday.

In a wide-ranging interview with the Financial Times, the President described the pact as "a setback for all of us." He repeated his willingness to host a meeting between front-line leaders and Mr P. W. Botha, South Africa's Prime Minister, and he accused the West of moving away from its commitment to the UN independence plan for Namibia (South West Africa).

During his 20 years in office, the President has played a key role in the resolution of conflicts in Angola, Mozambique and Zimbabwe. But he presented a bleak assessment of the front-line states' capacity to bring about reform in South Africa.

The strength of Pretoria, supported by Western investors and Western governments, was overwhelming he said. "There is no country in Africa today that can stand up to these forces."

Dr Kaunda's evaluation of the pact is likely to anger President Samora Machel of Mozambique who has presented the agreement as a "victory" and attended the televised signing ceremony with his South African counterpart.

Dr Kaunda stressed that he fully understood the military and economic factors which brought Mozambique to the conference table. He supported President Machel in his decision, he said, but went on: "We would be less than honest if we tried to glorify the situation. It is not glorifiable. We accept we are weak . . . if we glorify this (pact) we will be making a tactical error."

The adverse implications of the pact for southern Africa were profound, he said, and the cited the nine-member Southern Africa Development Co-ordination Conference (SADCC) launched in 1980 with the objectives of reducing trade and transport links with South Africa.

"At SADCC summits we have consistently condemned apartheid. How are we going to do that without condemning Mozambique when we meet next? It is a real problem.

Continued on Page 20

Swapo denies killing diplomats, Page 4; Zambian trade, Page 46

# Bonn 'set for 3% growth and surge in exports'

BY JAMES BUCHAN IN BONN

WEST GERMANY is set to double its current account surplus to DM 20bn ($7.6bn) this year, the largest for 10 years, according to a forecast published yesterday by the country's five leading economic research institutes.

In an outlook markedly more optimistic than any so far issued by the Bonn Government, the five institutes see broadly-based real economic growth of 3 per cent in 1984 (against 1.3 per cent in 1983), without any heating up of inflation over last year's average of 3 per cent.

The result should see some 200,000 fewer jobless by the end of the year, or average unemployment of 2.15m in 1984 against last year's 2.26m.

The institutes see the West German economic upturn, which started gathering pace at the end of 1982, as "self-sustaining" thanks to a mixture of climbing private consumption, significantly improved business investment and, above all, expanding world trade.

Despite a cooling economic tempo in the U.S., and a belief that the D-Mark will gain against the U.S. dollar, the institutes expect West German exports to climb in real terms by 8.5 per cent in 1984.

Last year, West Germany booked a surplus on current account of DM 10.1bn and the Economics Ministry is still working with a surplus of around that level for 1984.

The all-round improvement offers room to manoeuvre to both the Finance Ministry and the Bundesbank, the independent central bank, according to the institutes' report. With net borrowing by the Government likely to drop to DM 25bn this year (against DM 32bn in 1983), Bonn should move as quickly as possible to support the upturn with personal tax benefits, the institutes propose.

The institutes take direct issue with Herr Gerhard Stoltenberg, the Finance Minister, by suggesting that the tax reform, now the subject of intense debate, must not be financed by indirect tax increases but by relaxing his stranglehold on public borrowing from 1986.

The institutes also recommend that the Bundesbank this year reduces the Lombard rate, at which banks can obtain funds in return for the deposit of securities. The rate was increased by the Bundesbank to 5½ per cent last September.

Chancellor Helmut Kohl's Government escaped relatively unscathed from the institutes' report.

The economists of Berlin, Hamburg, Munich, Kiel and Essen, who are fallible but like to criticise, devoted much of their time to the two

Continued on Page 20

# Craxi to amend decree on wages

By James Buxton in Rome

SIG Bettino Craxi's Italian Government last night easily won a parliamentary vote of confidence linked to its decree cutting the *scala mobile* wage indexation system this year.

But the victory in the Chamber of Deputies, where the Government had a majority of 124, was largely symbolic. The decree itself expired at midnight because it had not received approval within the necessary 60 days, thanks to highly obstructive opposition by the Communist Party.

Sig Craxi called a cabinet meeting for last night which was expected to re-issue the decree including some amendments designed to obtain a more acquiescent approach to the measure by the Communists in the 60-day period. The inner cabinet met to consider the meeting last night.

The decree, which has been in force since mid-February, cuts by three the number of percentage points on the *scala mobile* index which will be translated into quarterly wage increases this year.

The move, with a ceiling on government-controlled prices, is aimed at getting inflation down to an average of 10 per cent this year, compared with last year's average of 15 per cent.

The issuing of the decree followed the refusal of the CGIL union, which has a Communist majority, to accept a voluntary agreement reducing indexation. The

Continued on Page 20

# Ford UK will build gearbox for all Europe

BY JOHN GRIFFITHS IN LONDON

FORD is to invest (£93m) at one of its British motor plants to produce a new car gearbox, for all the company's European car assembly factories.

Halewood near Liverpool, will be the sole source for the lightweight, five-speed gearbox, which will be available from mid-1987 for cars of 1.6 to 3 litre engine capacity. Output of 300,000 units a year is planned.

The investment is the second to be announced at Halewood within a month, the other was for an £11m plastic moulding plant.

Both moves underline the major improvements in industrial relations and productivity which have taken place at a plant which early last year still had the reputation of being Ford's European "black sheep."

Apart from the direct investments, Ford has also scrapped an earlier plan to move some press shop operations from Halewood to continental Europe, and is considering adding top-of-the-range Ghia versions of the Escort and Orion – currently built only in West Germany – to Halewood production. These could increase car output by 150 a day.

Although the new gearboxes will eventually replace units Halewood is currently building for the Sierra model, the project will mean substantially increased production at the plant. As well as the Sierra unit, it makes transaxles for the Escort and Orion and commercial vehicle gearboxes. Production of these will be retained, so when the new plant is fully operational Halewood should be building a total of 2,780 transmissions a day, against 1,730 a day now.

The project will not, however, mean extra jobs at Halewood, where 1,800 are employed on transmission work.

Mr Bill Hayden, Ford of Europe's vice-president (manufacturing), said yesterday that the project "shows that plants with a good productivity record can justify additional investment . . . the new facility will make it one of the most technically advanced in Europe and will make a substantial long-term contribution to Ford exports from Britain." He said it had been financed "entirely" from Ford's UK operations.

Mr John McNally, a trades union leader at Halewood, said: "Everyone at the factory is delighted, and it proves that hard work and co-operation from all sides pays dividends."

Such co-operation appears to have had a significant effect since March 1983 – when Halewood was into its ninth industrial dispute of that year. In 1982, its 9,700 workers produced an average 720 cars a day, against capacity of 1,015 and compared with 1,232 per day of the same cars produced by 7,300 workers at Ford's Saarlouis plant in West Germany.

Since then, there have been no significant disputes: car output is averaging well over 900 a day

Tenders issued for Egyptian small car, Page 6

# Montedison plans convertible issue to restructure capital

BY ALAN FRIEDMAN IN MILAN

MONTEDISON, the giant Italian chemicals group, yesterday announced a big capital-raising bond issue which it will use to restructure debt maturities. The Milan-based group, which in 1982 lost L859bn ($529m), is to ask shareholders in June to approve the issue of L142.5bn in bonds convertible into Montedison shares.

At the same time, Montedison is reorganising its share structure, asking shareholders to exchange their L175 par value shares for L1,000 par value equity. For every 40 shares held, investors will be asked to accept seven new ones. The aim is to reduce the group's administrative costs.

One senior Montedison executive explained: "It is time for us to streamline the shares. With 5.7bn shares it has been said that there are more Montedison shares than there are Chinese people."

The bond issue, which is likely to be lead-managed by Mediobanca, will be offered in two equal tranches. Shareholders will be entitled to one bond for every 14 shares they hold. The maturity of the first L71.2bn tranche is expected to be for six to seven years, with conversion into equity possible after 12 to 18 months and a fixed rate of interest which in today's market would be around 14 per cent.

Montedison has been working steadily for the past three years to restructure its capital and to reduce its huge indebtedness. At present the group's total debt is about L3,600bn, down about L200bn over the past year, but still representing about 2.6 times its shareholders funds (equity and reserves). Shareholders equity amounts to L996bn, while reserves total a further L500bn.

Since Sig Mario Schimberni took over as president in 1981 the group has been engaged in a financial restructuring which began in earnest in late 1981 with a partially successful L840bn rights issue. Much of the issue was left in the hands of underwriters.

In September 1982, the group's Selm electrical subsidiary sold L200bn of bonds and L44bn of shares. Last June, the Erbamont health care and pharmaceuticals company floated $100m of shares (20 per cent of the business) in New York.

Montedison also issued L300bn of fixed-interest bonds out of a L400bn issue approved by shareholders. The remaining L100bn of convertible paper has yet to be offered.

Montedison is predicting it will emerge from its heavy losses by year-end and the group is expected shortly to announce a 1983 deficit of under L400bn, which would be less than half the 1982 loss.

● Liquidators and creditor banks negotiating a U.S. $600m settlement of the long-running Banco Ambrosiano affair have reached a compromise on a key legal issue relating to documentation.

The technical solution, discussed during several days of meetings which ended last weekend in Milan, may now clear the way for conclusion of the Ambrosiano settlement.

U.S. chemical groups' profits, Page 21



CONTENTS

# EUROPEAN NEWS

## Strikes send postal service into disarray

By Paul Betts in Paris

LETTERS IN France have been going astray by the millions since the beginning of the year as a result of a prolonged labour dispute over the Government's attempts to reorganise postal distribution.

M Louis Mexandeau, the minister responsible for post and telecommunications (PTT), acknowledged yesterday that the strikes had delayed as many as 20m letters since the beginning of the year.

The dispute reached a peak at the weekend when M Mexandeau ordered two squadrons of gendarmes to move into the railway station post office at Caen, the capital of Normandy and his parliamentary constituency.

An important mail distribution centre, it had been paralysed by a strike for a week. Some 15,000-20,000 mail bags had piled up causing severe disruption.

The decision to send in the gendarmes to retrieve and distribute the mail provoked the predictable anger of the trade unions. However M Mexandeau sought to appease PTT workers yesterday by agreeing to negotiations on the reform.

This reform has been at the root of the general disarray of the mail service for the past 12 months. For two months last autumn, services were severely disrupted by a series of strikes. Then, as now, postal workers were opposing Government plans to redeploy some 12,000 employees in mail distribution to other centres or other jobs in an attempt to improve efficiency.

The PTT authority wants to speed up mail delivery by automation and reorganising shifts at distribution and sorting centres. This has inevitably entailed the need to reduce jobs at certain postal centres.

Only 65.8 per cent of mail in France is delivered the day after posting. The official if somewhat ambitious target is for 82 per cent by the end of this year.

## Mitterrand to decide today on showdown with Communists

BY DAVID HOUSEGO IN PARIS

THE FRENCH President, M Francois Mitterrand is expected to decide today on how to force the Communists to reaffirm their loyalty to the coalition or to accept the blame for the break-up of the left-wing government.

He is likely to make his views known during his weekly breakfast meeting with M Pierre Mauroy, the Prime Minister, and M Lionel Jospin, the leader of the Socialist party. But there may be no immediate public announcement.

The decision to seek a trial of strength follows the Government's growing exasperation with what M Mauroy called on Sunday the Communist party's "systematic calling into question" of government policies. The Government would be seeking "clarification."

It was suggested last night that this could come in three forms: a summit meeting between the two parties; a motion of confidence in the National Assembly based on the restatement of the Government's political objectives; or cabinet changes which would give M Mitterrand the opportunity of redefining the terms of the Communists' participation.

All the signs are that the Socialist leadership would like to keep the Communists in the coalition, but as a minority, subservient partner. The Communists' dilemma is that, though they would like to continue to enjoy the advantages of power, the only way they see of recovering their electoral popularity is by attacking the government's unpopular austerity and industrial restructuring measures.

The first reaction from the Communist hierarchy came last night from M Marcel Rigout, a junior minister. He said that the Communists had no wish for a break and wanted to remain "in spite of the difficulties and the differences."

The confrontation looming with the Communists follows several weeks of ineffectual warnings by both M Mitterrand and M Mauroy to the Communists to tow the line. The Socialists have been particularly annoyed by the surprise decision of M Georges Marchais, the Communist leader, to join in Friday's protest by steelworkers at the recent revision of the Government's steel plan.

## All-French challenge in mini-computer market

BY OUR PARIS STAFF

AN ALL-FRENCH mini-computer called "Le Galois" is about to be launched on the market. It has been developed by an electronics maintenance engineer in Fiere-la-Riviere in the Indre, where it appears to be causing a good deal of excitement.

The municipality of Chatillon-sur-Indre, 200 miles south of Paris, is building a laboratory for M Henri Snaps, the inventor of the machine. Hoping that it will prove the French equivalent of the highly successful U.S. Apple computer, the region, the department and a commune of the Indre are all chipping in. M Snaps hopes to be producing his computers at a rate of 300 a month from next autumn.

The machine is intended for home use and in small businesses, and is expected to cost about FFr 5,000 (£435). It is compatible with the Tandy TRS 80 mini-computer which the backers of the French project claim represents a big plus.

The announcement of a new French entry into the fierce home and personal computer market dominated by the U.S. manufacturers has been welcomed in France as a small sign of the growing efforts to develop small, high technology enterprises in the country.

## Europe's unions launch June election manifesto

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Trades Union Confederation yesterday launched its manifesto for the June EEC Parliamentary elections with an appeal to unionists to ensure they vote for candidates committed to an active programme of job creation.

M. Georges Debunne, the ETUC president, presented the manifesto with a special appeal for union members to take an active part in the campaign.

In what is certain to be read as a direct appeal to the British Labour movement, M. Debunne emphasised that the ETUC programme has the backing of all its member confederations including Britain's TUC, which remains technically committed to withdrawal from the EEC.

Under the slogan A Europe of Working People, the manifesto calls for:

● Increased public and private sector investment;
● Significant cuts in working time down to the ETUC's target of a 35-hour week for all;
● The use of new technologies to improve working conditions and the organisation of work;
● Social policies guaranteeing a maintenance of purchasing power and social security;
● Active co-operation with the developing world within a general development plan;
● Abolition of bureaucratic border constraints to ensure freedom of movement within the Community.

The manifesto also puts heavy emphasis on further democratisation of Community institutions.

## Nato to table plan for troop reduction

By Bridget Bloom, Defence Correspondent

PROPOSALS designed to move forward the 10-year-old East-West talks on reducing conventional forces in Europe are to be tabled by Nato governments in Vienna today.

The proposals, the subject of intensive discussion in the alliance over the past few weeks, are intended to ease the central disagreement between the Warsaw Pact and Nato on the present level of forces in Europe.

The issue has stymied the Vienna talks for much of the past decade, and Nato officials last night were privately sceptical that the new proposals would break the deadlock.

However, Nato has not tabled proposals since 1982, while a Soviet draft treaty last year showed some movement on the other key issue, the need to verify troop removals.

Following the breakdown of the Geneva European missile talks last November, West Germany and the U.S. in particular, have been anxious to see some movement in Vienna, although other countries, including Britain have argued for caution.

The new Western plan seeks to provide the Soviet Union with a way through the so-called data problem.

While both sides have long agreed that the forces of each side should be reduced to 700,000 (or 900,000 with air forces) they disagree on the starting point. Nato claims that the Soviet Union has some 150,000 more troops in central Europe than it admits and has insisted that overall totals must be mutually agreed before any reductions can be begin.

The proposals appear to be an attempt to find different ways to count starting numbers. Instead of hard and fast totals, the West would seek an understanding on a range of figures for each sides' forces. It would also offer to count units, differentiating, for example, between combat and combat support units.

This does not go as far as Bonn wanted in abandoning the need for starting numbers altogether in return for very vigorous verification of reductions. However, verification remains a key feature of the new plan—as it does of proposals on banning chemical weapons to be submitted to the Geneva conference on disarmament tomorrow by Mr George Bush, the U.S. Vice President.

The U.S. intention to table a draft treaty were first announced by Mr George Shultz, the Secretary of State, last January.

According to reports from Geneva, the treaty will propose rapid on-site investigation of suspected infringements by a permanent international consultative committee, as well as permanent on-site inspection of chemical weapons stocks.

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# EUROPEAN NEWS

## E. Germany, Hungary defend links with West

By Leslie Colitt in Berlin

HUNGARY AND East Germany, which follow diverging political and economic policies at home, have discovered a common interest in defence of their growing special relationship with the West.

Both countries, along with Romania, came under attack recently from Czechoslovakia which took them to task for undermining the "unified foreign policy strategy" of the Warsaw Pact.

The main East German Communist newspaper, Neues Deutschland, has reprinted a response to the charges from a secretary of the Hungarian central committee, Mr Matyas Szürös. The reprinting in East Germany signalled East Berlin's support for Budapest's views.

The Czechoslovak party newspaper, Rude Pravo, has warned that Prague learned in 1968-69, after the Soviet-led invasion of the country, that "collective thinking was more useful than separatism."

While Rude Pravo did not name countries, there was little doubt about which ones it was referring to when it criticised any "independent foreign policy force" and any country gaining one-sided advantages from the "capitalist world and its financial or other institutions."

Mr Szürös noted that Hungary supported the Warsaw Pact's joint initiatives in order to "realise the national interests of our people." He said Hungary's active foreign policy had earned it a reputation as a "reliable ally and friend and a correct partner."

Czechoslovak and Polish diplomats privately expressed concern over the high-level contacts between East and West German politicians and increasing economic ties between the two Germanys. There is a lingering fear that Moscow is permitting the Germans to get too close to each other.

Hungary, on the other hand, has praised East Germany for breaking out of its political shell

## Fresh assault on Polish companies' freedom prepared

BY CHRISTOPHER BOBINSKI IN WARSAW

GOVERNMENT MINISTRIES are planning to remove the minimum of independence still enjoyed by Polish enterprises under the economic reforms, Zycie Gospodarcze, the economic weekly, has claimed.

The newspaper, which speaks for the reformers in the Government, reveals that the Ministry of Metallurgy and Engineering has drafted a document arguing for a reorganisation of enterprises into centralised "combines."

The Ministry forms part of the heavy industry lobby which has top-level backing. Zycie Gospodarcze says the move, if implemented, would mean the removal of decision-making powers from 185 companies and open the way for more to lose their powers.

"Concern for greater influence by the state over the economy is no more than a smokescreen," the newspaper writes. "In essence the aim is to rebuild old structures and return to old, bureaucratic methods."

As the economy weakens, pressure is growing for greater centralisation but the ministerial project is the furthest that conservatives have gone in officially pushing their views.

The idea was given conditional approval at an important Communist party conference last month by Mr Zbigniew Messner, the Deputy Premier in charge of the economy, when he said: "No hasty steps should be taken, but the matter is being studied."

Companies enjoy a greater measure of freedom than before 1980 although this is still circumscribed by regulations and widespread rationing. One of the reasons for the greater freedom is that reforming legislation in 1981 abolished the company unions which served to pass on ministerial instructions, allocate resources and manage personnel.

One of the government documents arguing for the changes, according to Zycie Gospodarcze "organisational changes introduced by the reforms have to a significant extent limited the influence by central government over enterprises."

## Dutch dig in for fight over deployment of cruise

BY WALTER ELLIS IN AMSTERDAM

AS DECISION time nears in the Netherlands on the deployment of U.S. cruise missiles, both sides in the arg[illegible]ment are digging in for a s[illegible]ge. Protestors are [illegible]reparing to foil any attemp[illegible]s to make ready a launching site, and the Government [illegible]s considering advancing its de[illegible]ision on the weapons from Ju[illegible]e to early May.

Yesterday, the local council of Woensdrecht, a district of north Brabant on[illegible]y [illegible] km from the Belgian front[illegible] [illegible]hich has been chosen as th[illegible] s[illegible] [illegible]r the missiles, began ma[illegible]ing [illegible]rious preparations for its widely anticipated "long, hot summer."

The council opposes deployment, or at least Woensdrecht's becoming a Soviet target. The councillors do not wish their area to become a second Greenham Common. They have called on intending demonstrators to register their intentions

The site, a disused air-base, has not so far become much of a focus for the anti-cruise lobby. Amsterdam and the Hagues are protestors' favourite rallying points. Only now has this begun to change, and a sharp increase in the troops guarding the site was followed swiftly by a clash with demonstrators.

The Government, meanwhile, has been acknowledging increasingly the crisis nature of the situation in which the country finds itself. Mr Rudd Lubbers the Christian Democrat Premier, spoke at the week-end of his fears that the "yes" decision he seeks may prove unattainable.

## Soviets put off decision on Summer Olympics

By Anthony Robinson in London

THE SOVIET UNION intends to keep the sporting world guessing until the last possible moment about whether it will take part in the 1984 Summer Olympic Games in Los Angeles.

This became clear yesterday at a Moscow news conference when Mr Marat Gramov, chairman of the Soviet Olympics committee, told journalists that a final decision would not be taken until the end of May, only days from the final notification deadline of June 2.

Mr Gramov said the Soviet tea mowuld participate only if the committee was satisfied that the U.S. intended to observe the Olympic charter and create what he called "normal conditions" for Soviet participation.

The Soviet Union was deeply offended by the U.S. decision to boycott the Moscow Olympics in 1980 in protest against the invasion of Afghanistan. It opposed the choice of Los Angeles for the 1984 Olympics and has run a bitter media campaign against the "gross commercialisation" of the Olympic ethos by the U.S. organisers.

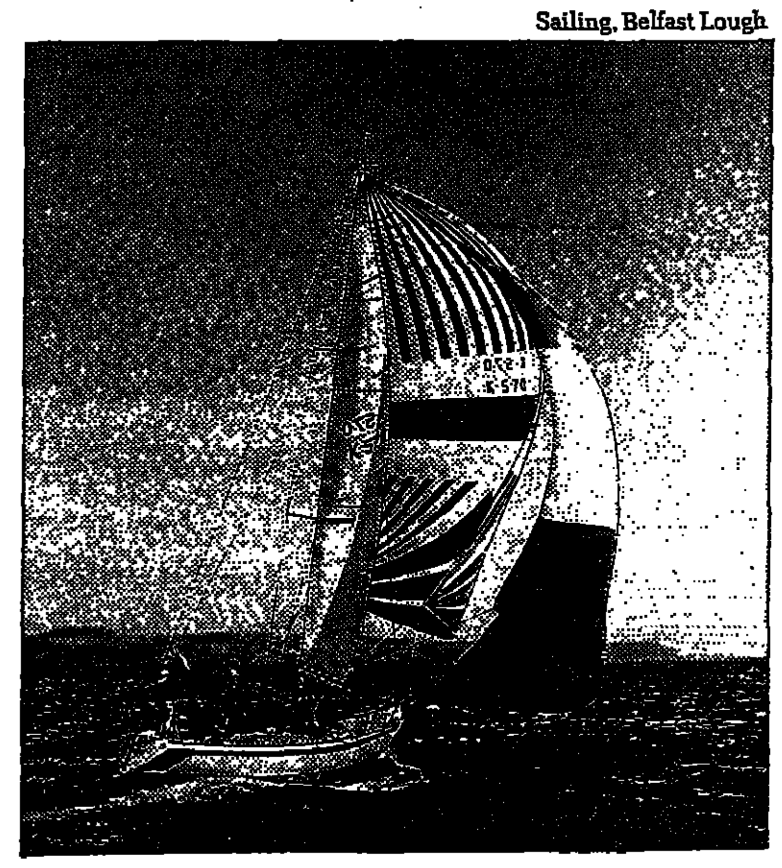
The Soviet authorities appear genuinely concerned about the possibility of anti-Soviet demonstrations during the Olympics which could receive world-wide coverage. Mr Gramov said they were seeking a guarantee from the Reagan Administration that it will prevent any hostile demonstrations.

The U.S. line is that such a guarantee is impossible to give in a free society and that while the Government does not condone protest groups it has no control over them.









# Two Sikh leaders murdered as temple violence continues

BY K. K. SHARMA IN NEW DELHI

INTERNAL DISSENSIONS within the Sikh leadership concentrated in the Golden Temple in the holy city of Amritsar yesterday led to the killing of two prominent Sikh leaders in the vicinity of their stronghold.

One leader, Mr Malik Singh Bhatia, was shot dead inside the temple itself. His death was followed by the killing of another leader in a tea shop just outside.

The development suggests that the extremist and moderate factions are now engaged in a deadly confrontation which could affect the course of the two-year-old Sikh campaign for more political and religious autonomy.

The killings follow the murder just outside the temple of an unnamed lieutenant of the extremist leader, Mr Jarnail Singh Bhindranwale, who is a wanted man confined to the temple and is widely suspected to be behind the recent violence.

The murder of Mr Singh's supporter was followed by the killing of his two suspected murderers, the headless body of one of whom was found near the Golden Temple yesterday. The macrabre turn that events in the Sikh movement have taken are being watched closely in New Delhi since they are bound to influence the Sikh leadership and, at least in the short term, may lead to more violence.

The arson in Punjab railway stations over the weekend led to severe criticism of the government by Opposition leaders when the Lok Sabha (parliament) met yesterday. But a full discussion on the Punjab situation was not allowed.

However, it was officially announced in Chandigarh, capital of Punjab, yesterday that a crackdown had been ordered on members of the banned All India Sikh Students' Federation and at least 150 activists had been arrested by the evening.

It was also announced that measures had been taken to protect railway property. At least eight armed security men are to travel with each train in Punjab and railway protection forces in the state are to be strengthened.

Patrolling of rail tracks is also being intensified but Mr P. C. Sethi, the Home Minister, announced yesterday that the Government stood by its decision not to use force to enter the Golden Temple in deference to Sikh sentiment. The Sikh leaders, many of whom are wanted by the police, are taking shelter in the temple and there have been persistent demands for the use of force to arrest them.

Sir Geoffrey Howe (second right), the British Foreign Secretary, sits opposite his Chinese counterpart, Wu Xueqian. Their negotiation in Peking yesterday concerned Hong Kong, the colony on most of which the UK holds a lease from China until 1997. A Chinese spokesman said later that the talks were "warm, friendly and earnest."

# Swapo denies killing diplomats

BY OUR JOHANNESBURG CORRESPONDENT

SWAPO HAS denied responsibility for the bomb blast which killed two U.S. diplomats in northern Namibia on Sunday afternoon. A spokesman for Swapo in Lusaka blamed South Africa for the incident saying: "Swapo does not fight people who are not our enemies." He added that the bombing was a calculated move by South Africa to delay the withdrawal of its troops from southern Angola.

An earlier statement by the administrator-general of South West Africa, Dr Willie van Niekerk, blaming the blast on Swapo was unsubstantiated, the Swapo spokesman said. However, Dr Niekerk says that he has no doubt that Swapo was responsible for the blast.

Police in northern Namibia remain uncertain whether the Americans were chance victims of a terrorist attack or whether the blast had been planned to kill them. The police yesterday continued to sift the wreckage of the petrol filling station at Okatana, an industrial suburb of the town of Oshakati, to determine the precise details of Sunday's blast.

Initial speculation was that the explosion was caused by a limpet mine attached to the diplomat's car somewhere else. Alternatively it was thought that the bomb could have been tossed into the car at the filling station where the Americans had stopped to buy petrol.

However, the attorney general's office in Windhoek pointed out that other petrol stations had been bombed previously in the area and that the Americans may well have been chance victims of the blast. Also killed in the explosion were a pump attendant whose name is not known at present and a truck driver, Mr Thomas Najambonde. Four passengers in Mr Najambonde's truck were injured by the blast.

The two Americans were Mr Dennis Keogh, a career diplomat and Lt-Col Ken Crabtree, a military adviser. Mr Keogh was on temporary assignment from Washington to head the U.S. liaison office in Windhoek which is covering the South African-Angolan military disengagement in southern Angola. Mr Crabtree, who was a career officer was a military adviser on Mr Keogh's staff.

The men had travelled to Oshakati to be briefed by the South African military on the most recent activities of the joint monitoring commission which is overseeing the disengagement of South Africa.

The bodies of the Americans were flown from Oshakati to Waterkloof Air Force base near Pretoria yesterday afternoon, prior to being flown to the U.S. for burial. At Waterkloof, the U.S. ambassador to South Africa, Mr Herman Nickel, described the deaths as tragic.

# Malaysian Central Bank tightens loan rules

MALAYSIA'S Central Bank has tightened loan regulations, Mr Aziz Raha, bank governor, said yesterday but denied that it was the result of loans made to Hong Kong's Carrian and other business groups. AP-DJ reports from Kuala Lumpur that he said in an interview with the Malaysian Business Monthly that the tightened regulations included the reporting to the bank of all loans of more than 1m ringgits (about £311,400) made by branches of Malaysian banks overseas.

## Japan adjusts index

Japan's industrial production index (base 1980) was revised upwards in February, writes Reuter from Tokyo. The International Trade and Industry Ministry said that the February index (base 1980) was revised to a seasonally adjusted 113.9 from a preliminary 112.7.

## Budget move

The Australian Government may decide to bring forward the traditional August timing of its national budget, Reuter reports from Canberra. Mr John Dawkins, Finance Minister, said in a paper yesterday that the Government was considering bringing the date forward because a budget in August is already two months into the fiscal year when parliament is traditionally asked to approve new fiscal programmes. Any change, however, would not affect the timing of the 1984-85 budget, scheduled for August 21.

## Australian debt

Australia's foreign debt is expected to reach A$40bn (£26.6bn) in the fiscal year ending June 30, the Reserve Bank of Australia said yesterday. AP-DJ reports that the bank said in its monthly bulletin that about A$8bn of the debt is from the federal government, A$7bn is in other public debt and A$25bn in the private sector. The bank said that, as a percentage of gross domestic product, overseas debt has risen from about 8 per cent in the 1975-76 fiscal year to more than 21 per cent this year.

## Nigerian tribunals

Ousted Nigerian President Shehu Shagari will be tried before a military tribunal, its chairman was quoted as saying yesterday. Reuter reports from Lagos that the National Concord newspaper said it was told that all top politicians held after December's military coup would be tried, including the former president and Mr Alex Ekwueme, the former vice-president.

## Kampuchea refugees

More than 75,000 Kampuchean refugees fleeing a Vietnamese drive against Khmer resistance groups have poured into Thailand during the last three days in the largest wave to cross into Thai territory since Vietnam's dry season offensive began this year, UN officials told Reuter in Bangkok yesterday.

The civilian refugees were now in makeshift camps a few kilometres inside Thailand, officials said.

## Philippines fighting

At least 18 suspected Communist guerrillas and five soldiers were killed when rebels fired at troops on a river ferry in Mindanao Island in the southern Philippines, according to military spokesman quoted by Reuter in Manila.

# Israeli loss of faith gives election chance to opposition

BY DAVID LENNON IN TEL AVIV

ISRAEL is in for a long hot summer of political rhetoric as the opposition Labour Party tries to unseat the Ruling Likud bloc at the July 23 general election. The Government's popularity is at a low ebb because of its handling of the Lebanon war and the shaky state of the economy, and Labour is enjoying a comfortable lead in the opinion polls.

Unlike the 1981 election when the personality of Mr Menahem Begin, then Prime Minister dominated the political scene, this time the campaign is likely to be fought over issues rather than personalities. After seven years in office, the right-wing religious coalition has a bedraggled look.

The 1982 invasion of Lebanon has proved a fiasco in domestic political terms, having split the nation and undermined public faith in the Government's ability to take sensible decisions.

Most of its broad aims have proved unattainable. Even the narrow goal of securing the north of Israel against guerrilla attack from Lebanon is proving hard to achieve without maintaining a sizeable Israeli military force over the border.

Recent terrorist attacks in Jerusalem have underlined the fact that smashing the Palestinian Liberation Organisation (PLO) in Lebanon has not destroyed its capacity to carry out raids against Israel.

The Government's handling of the economy during the past seven years has also given rise to dissatisfaction. The country today has record inflation of some 400 per cent, the current account deficit is a record $5.1bn and the gross foreign debt has more than doubled to $23bn (£16.2bn).

To rectify this situation, Mr Yigal Cohen-Orgad, the Finance Minister, has had to introduce austerity measures which, while economically essential, are hardly likely to prove vote catchers. He may be forced to ease back on some of them to woo the electorate.

The Labour Party is thirsting to return to power, which it lost in 1977 after 29 uninterrupted years in office. It will hammer away at the Government's failures not only in Lebanon and in the economy, but also the divisiveness which the Likud has fostered within Israeli society.

While the Likud can offer only more of the same, Labour will promise a rapid withdrawal from Lebanon, a new economic policy aimed at restoring growth through investment in export industries, and will also offer to concede parts of the occupied West Bank in exchange for a peace treaty with Jordan.

It is over the West Bank that the greatest policy differences exist between the two largest parties. Likud will never cede any part of this territory, which it considers a part of the Biblical land of Israel.

The opinion polls at present give Labour a sizable lead. The first poll conducted since the decision to hold elections shows that Labour would win 55 seats in the Knesset (parliament) to Likud's 37. But nobody is taking any bets at this stage. Four months before the 1981 elections Labour had a similar large lead, and yet finally managed to win only 47 seats to Likud's 48.

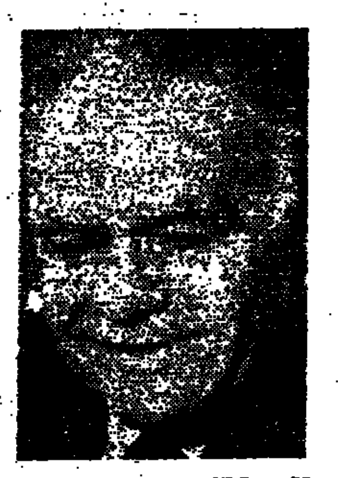
There are no constituencies in the Israeli system. Each party publishes a list of candidates in an order of priority worked out within the political movement, and votes are cast for the party list.

Representation in the 120-seat Knesset is in accordance with the proportion of votes cast by the 2.5m electors. If a party wins enough votes to gain 45 seats, the first 45 people on its list enter the house. If a Knesset member dies or resigns, the next person on the list takes his or her place.

Because of Israel's proportional representation system, no party has ever won an absolute majority in an election. There is little likelihood that this year will be any different.

This opens the way for smaller parties to join in the coalition in return for concessions to their special interest groups. It also makes it more difficult for either major party radically to change the broad directions of Government policy.

The three small religious parties, who held the balance of power in the outgoing coalition, will be hoping to do as well at the July poll and to be in a position to extract concessions from either party in return for their support.



THE CONTENDERS: Mr Yitzhak Shamir, Likud leader (above) and Mr Shimon Peres, Labour leader

# Volley of shells closes Beirut crossing point

BY NORA BOUSTANY IN BEIRUT

AN EARLY volley of shells that crashed east of the Green Line yesterday prompted the closure of the only crossing between the Moslem and Christian halves of the capital, jeopardising political contacts.

The Barbir-Museum access road remains the only link between West and East Beirut and its day-long blockage was seen as an ominous sign. Voice of Lebanon, mouthpiece of the Phalange Christian Party, said shells and rockets landed at the eastern end of the 600-yard stretch which is policed by French observers and Lebanese gendarmes.

The now Moslem-influenced state radio station, located in West Beirut, counterclaimed that Christian militiamen were preventing motorists from crossing into East Beirut, but reported no shelling

Members of a multi-factional security committee held urgent contacts to reopen the vital crossing.

Meanwhile, clashes continued in the northern port of Tripoli between the Sunni Moslem Islamic Unification Movement and the Syrian-supported militia of the Arab Democratic Party.

In Damascus, Druze and Moslem opposition leaders met with Mr Abel Halim Khaddam, Syrian Vice-President

# De Lorean cocaine trial starts in Los Angeles tomorrow

BY LOUISE KEHOE IN SAN FRANCISCO

EIGHTEEN MONTHS after his arrest, John Z De Lorean will finally go on trial in Los Angeles tomorrow facing charges that he attemupted to buy $20m (£14m) worth of cocaine in a fruitless effort to save De Lorean Motors, his Northern Ireland car making company.

Assuming no further delays, and in this case that is always a big assumption, the trial will begin with opening statements from the prosecution and defence tomorrow morning.

Mr De Lorean has however, already spent five weeks in the Los Angeles federal court room listening to his lawyers and the prosecutors interviewing prospective jurors. The process proved tedious. One hundred and thirty one people were questioned about how much they knew of John De Lorean and whether they had been prejudiced against him by the enormous publicity surrounding his arrest.

Jury selection was completed on Friday, but not before Mr De Lorean's lawyers had unsuccessfully tried, once again, to have his case dismissed on the grounds of pre-trial publicity.

It has already emerged, through the lawyers' questions, that the chief prosecution witness will be a Government informant and self-confessed drug dealer, Mr James T. Hoffman. According to Mr De Lorean, Mr Hoffman first contacted him in 1982 with a proposal to find financing for De Lorean Motors. Later, says Mr De Lorean, it emerged that the money would come from a major drug deal.

Mr Hoffman tape recorded numerous telephone conversations with Mr De Lorean during which it is alleged that they discussed the drugs deal. The tape recordings are expected to be used as evidence against to be used as evidence against Mr De Lorean. In court last week, however, prosecutors admitted that Mr Hoffman had failed to record some of his conversations with Mr De Lorean. The defence claims that among the unrecorded calls is one in which Mr Hoffman threatened the lives of Mr De Lorean's two children should he pull out of the drug deal.

Questions have already been raised about the strength of the prosecution case due to concern about Mr Hoffman's character and about his apparent selectivity in recording calls to Mr De Lorean. It is also becoming clear that Federal Bureau of Investigation undercover agents involved in setting up the financing for the illegal transaction placed considerable pressure upon their suspect to go along with the plan.

Mr De Lorean's defence lawyers will argue that the FBI's action represents entrapment, and the verdict in this case is expected to rest upon the issue of whether Mr De Lorean was in fact a willing participant or whether he was effectively forced to become involved in the drug trafficking deal by threats and by subterfuge.

A large television sits ready in the Los Angeles courtroom for jurors to view video tapes of meetings between Mr De Lorean and FBI undercover agents. They will have an opportunity to see the tape of Mr. De Lorean's arrest, a tape that has already been broadcast on nationwide television in the U.S. many time. Mr De Lorean will be seen raising a champagne toast to the completion of the alleged cocaine purchase and declaring that cocaine "is as good as gold."

The trial, which is expected to last for at least two months, may also shed light upon Mr De Lorean's complex financial dealings. Prosecutors have charged that Mr De Lorean has $17m in a Swiss bank account. Last month, however, defence attorneys claimed that the former automobile executive is "broke" and won permission from the judge for Mr De Lorean to sell his $2.5m San Diego estate to raise funds to pay for his defence.

# Nicaraguan port mining forces cargo diversion

BY TIM COONE IN MANAGUA

OVER 1,200 shipping containers bound for Nicaragua from Europe have been held up in the Costa Rican port of Caldera, as a result of the U.S.-supervised mining of Nicaragua's ports in March by rebels seeking to overthrow the left-wing Sandinista government.

Sr Sergio Osorio, the head of the Vassalli shipping agency in Nicaragua's main port of Corinto, said however that it was only the container trade from Europe that had been affected and that four ships per month that normally call at Corinto were now discharging

The most serious effects of the delays in delivery of the containers has ben in the aggravation of shortages of certain products such as milk powder, and in the creation of production bottlenecks in some factories due to spare parts and raw materials shortages.

Some of the most urgently required containers are being brought up by land or by smaller ships from Caldera. The export trade has only ben marginally affected and other conventional shipping lines are stepping in to carry cotton and coffee exports to Europe that would otherwise be carried by the four specialised container lines.

Sr Osorio said that the Corinto port authority had offered to provide all the facilities for safe entry into the port requested by the four European shipping lines that have diverted to Costa Rica, but they were still refusing to call at Corinto. The port is now thought to be clear of mines that damaged five ships in March.

**Hugh O'Shaughnessy in London writes:** The Foreign and Commonwealth Office yesterday repeated its condemnation of the mining of Nicaraguan ports when a senior FCO official received two leading anti-government insurgents. Sr Alfonso Robelo and Sr Donald Castillo, leaders of the Costa Rican-based ARDE movement, which has been carrying out raids into Nicaragua, called on the FCO to seek support for their cause.

# Cuba 'won't pay' principal on 1984 foreign debt

BY HUGH O'SHAUGHNESSY

CUBA WILL pay interest but will not repay principal on its 1984 foreign debt, according to Sr Raúl León Torras, minister-president of the Cuban National Bank.

A total of $365m in interest and principal is due on official and commercial debt this year.

Sr Leon, on a visit to Moscow, was quoted by Prensa Latina, the Cuban news agency, as saying that a "responsible" renegotiation of the foreign debt was the only option open to Cuba which was suffering from a shortage of convertible currency.

The country, he said, was still suffering from the effect of the large withdrawal of credits amounting to $500m between July and August 1982. Sr Leon blamed lender countries for not renewing the loans they had formerly extended to Cuba. The "main cause" of the island's difficulties, he claimed, was the present low price of sugar.

"Creditor countries which are members of the European Economic Community have great responsibility for this situation because their selfish policy of sugar export subsidy deprived developing sugar-exporting countries of the means to develop their economies," Sr Leon said.

# Salvadorean election official threatened

RIGHTIST death squads recently planted dynamite in the office of a Salvadorean election official and made death threats against a U.S. election adviser, Arturo Rivera y Damas, the Archbishop of San Salvador, said late on Sunday.

The threats, coming three weeks before the May 6 presidential run-off, prompted the Salvadorian to flee thf country, Christian Democratic Party (PDC) officials said. The U.S. official also left, but the PDC officials said he was vacationing and would return.

Sr Roberto Meza Delgado, vice president of El Salvador's election council and a member of the Christian Democratic Party, left the country on Thursday after sticks of dynamite were found in his private office, party officials said.

Mr John Kelly, an election specialist for the U.S. Agency for International Development who advises the council, received at least two telephoned threats, an official said. The callers reportedly identified themselves as members of a rightist death squad, the Maximiliano Hernandez Martinez Anti-communist Brigade.

AP

# Mexico pushes up prices on basic goods

By David Gardner in Mexico City

THE MEXICAN Government announced a range of price rises on basic goods over the weekend in what the authorities described as the last major price adjustment of the two-year austerity programme which runs to the end of 1984.

Petrol has been raised 33 per cent, eggs by 40 per cent, sugar 30 per cent and farm support prices for maize, wheat, beans and sorghum by a range from 30-40 per cent. The prices of subsidised staple foods like tortilla remains fixed however while public transport tariffs will be adjusted once the effect of the fuel price rises have filtered through.

The new increases had been expected, but over a more gradual time span. The decision to push through the rises all in one go will add an estimated 2 to 3 points to the expected rise in consumer prices over the next two months and may affect the outcome of second half wage negotiations due in June.

The rise in the consumer price index for the first quarter was 16.8 per cent, and with the new rises, makes an inflation figure of about 30 per cent for the half year likely. The government is still looking to bring down inflation to 40 per cent by the end of the year.

# Levesque fights to regain popularity

Mr Rene Levesque, (right), Premier of Quebec, who wants to win sovereignty for the French-speaking Canadian province, will deliver an economic speech to the Canadian Chamber of Commerce in London today **Robert Gibbens**, in Montreal, takes the economic and political temperature in Quebec.

Mr Rene Levesque and his Parti Quebecois face a gruelling test this spring. Will the economy continue a recovery begun with a surprisingly good performance last year by manufacturing industry? Will the party perform respectably in three by-elections due this spring? Will policy difficulties within the party, especially of independence about the question, be resolved before the provincial general election, due no later than autumn 1986?

Mr Levesque admits that his party's standing is at a low point. By the end of February three opinion polls showed that the PQ could count on no more than about 30 per cent of the popular vote as against 60 per cent for the Liberals. Mr Robert Bourassa has returned to lead the Liberals after resigning when the PQ defeated them in the general election of 1976.

The PQ has lost every one of the 18 by-elections held since then.

Of the three pending by-elections, one is in a Liberal constituency; the other two, caused by the resignations of two PQ ministers, may go to the Liberals.

Mr Levesque points out, however, that his Government was also at a low point in popular esteem in 1979-80 and bounced back to win the provincial general election of 1981 convincingly. But many difficulties will have to be overcome if he is to pull that off a second time.

In spite of the good showing of manufacturing industry, the mining industry is severely depressed, and unemployment in the province has remained obstinately at around 13 or 14 per cent. It is much higher in some areas and among the young.

Mr Levesque and Mr Jacques Parizeau, his Finance Minister, have been trying to assuage the fears of businessmen who regard the PQ not only as separatist, but also as "socialistic." Mr Parizeau has improved the tax arrangements created in his budget last year for investors buying new equity issues of Quebec companies, and the Charter of the French Language, which is intended to ensure the primacy of French in Quebec, is being handled in a more liberal way.

Under previous practice, English-speaking Canadians posted to Montreal from other provinces were not allowed to send their children to English school for longer than three years. After that, they had to transfer to French schools. Now extensions of that three-year period are being granted, and it is hoped that major Canadian companies will retain their headquarters in Montreal.

Mr Camille Laurin, who annoyed English-speaking Quebeckers when he sponsored the Charter in his role as Minister of Education, has been moved to Social Affairs. His successor, Mr Yves Berube, is considered more pragmatic.

In an effort to improve the unemployment figures, the cabinet overruled its agricultural zoning commission to allow Bell Textron of the U.S. to start building a C$514m (£280m) helicopter plant near Montreal. Quebec is contributing more than C$100m, backed by a larger amount from the Canadian federal government, for the plant which is expected to create 3,000 jobs.

In another attempt to help industry, the Quebec Government is also putting up 25 per cent of the equity for a C$1.5bn aluminium smelter being built near Montreal by Pechiney of France. It has also agreed to prolong key water leases for the hydroelectric power supplying Alcan's Laterriere project north of Quebec City.

Mr Levesque may have some luck with the economy as the U.S. recovery spills over into Canada, but he is in serious trouble with the young educated middle class, which is chafing under high provincial taxation, and with the public service unions, resentful of pay cuts and freezes imposed in 1982-83.

Some of the younger party leaders have been demanding that the PQ should make independence the top issue in the next provincial general election. Several leading ministers have spoken out against this, believing that it has little popular support.

Mr Levesque has leant the other way, however, though he has fudged the issue by interchanging "independence" for "sovereignty" and avoiding real commitments. The real battles remain to be fought.

# Bolivian workers threaten all out strike

LEADERS OF Bolivia's powerful Workers' Confederation (COB) have said they will call an indefinite general strike if the Government does not modify austerity measures by April 25, reports Reuter from La Paz.

The warning came after national leaders of the Communist-led COB met for 10 hours on Sunday to discuss protest action against last Thursday's economic package.

The package raised the price of basic foodstuffs, transport and fuel by between 110 and 600 per cent and devalued the Peso by 75 per cent.

A three-day strike called by the COB which ended at midnight last night paralysed transport and closed shops, restaurants, cinemas and theatres in La Paz.

Public demonstrations and marches to reject the measures have been called for today. The COB leaders also called for urgent talks with the Government to discuss an alternative economic programme.

Thursday's economic package, which the Government said was necessary to stop rising inflation that ran at 328 per cent in 1983, has led to charges from the opposition that Bolivia is under the control of the International Monetary Fun (IMF).

# WORLD TRADE NEWS

## European companies scramble for power orders in Indonesia

BY CHRIS SHERWELL IN JAKARTA

EUROPE'S biggest names in diesel and thermal power generation are scrambling for contracts in a number of Indonesian projects being revived by the Government.

The projects were among those deferred last year in a large "rephasing" operation designed to save $4bn (£2.8bn) in foreign exchange.

Indonesia is Asia's largest oil and gas exporter, and the rephasing was one of several austerity measures designed to stabilise government finances after the fall in world oil prices.

The Government subsequently indicated it might revive some projects if the terms were right, and this has produced a battle among bidders and governments to supply enough grant-aid to secure the business.

At the same time, a separate power project—a thermal station at Suralaya in West Java—is the object of a fierce competition for a multi-million-dollar boiler contract between two North American giants—Combustion Engineering of the U.S. and Babcock and Wilcox of Canada, part of the McDermott group of the U.S.

At stake is the prospect of future business in Indonesia's huge electrification programme, and the competition, which is now reaching a climax, is believed to be provoking heated debate betwen the two sides' supporters in the government.

So far, only one of the "rephased" projects, the Mrica hydroelectric scheme in Central Java, is actually back on the rails. This followed the successful conclusion of negotiations last month by the originally contracted consortium of Balfour Beatty of Britain and Skanska of Sweden.

Although their bid already included a sizeable grant element, intervention by the British and Swedish Governments made the financing irresistible for the Indonesians.

A similar negotiation is now under way with the Swiss, who are bidding strongly for a thermal power project at Belewan. They are believed to have offered aid within the Indonesian Government's preferred range of 30-40 per cent—beyond most Government's means unless they decide to put all their eggs into one basket in order to win the business.

This also appears to be happening with diesel engine contracts for revived rural electrification projects. For example, the favourite to supply the largest engines is Stork of the Netherlands, apparently because the Dutch Government committed the resources.

For the next level down—engines for 8 Mw stations—the competition is between the British, French and Italians. The contract could be worth £35m to Hawker Siddeley Power Engineering, which heads the British bid. Some £11m-£12m would be in the form of a grant.

For 2.5 Mw-3 Mw stations, another British company, GEC Ruston, is pitched against Siemens of West Germany. The West Germans, like the British and the U.S. have entered the whole "mixed credit" game of combining aid and export credits mainly to match France, which has probably followed this policy longest.

The West German decision annoyed the U.S., which believes mixed credits distort competition. Last month, however, apparently to show its own financial muscle, the U.S. Eximbank authorised a low-interest long-term loan to Nurtanio, Indonesia's aircraft manufacturer, for the purchase of machine tools from Cincinnati Milacron.

This was Eximbank's first mixed credit, and was aimed specifically at the French, who are bidding for the same contract. For the Indonesian's, the situation could hardly be better as the industralised countries fight it out.

## Sikorsky set to sell helicopters to Australia

By Colin Chapman in Sydney

THE U.S. helicopter manufacturer Sikorsky, a subsidiary of the United Technologies Corporation, seems set to win a major Australian Government contract for helicopters at the expense of Westland of Britain, after announcing a major offset deal yesterday.

Sikorsky has given the British-owned Hawker de Havilland's Australian subsidiary an A$2m (£1.25m) contract to build wings and tailplane for an experimental U.S. X-wing aircraft which will take off like a helicopter and then fly like a fixed-wing aircraft.

Mr William Paul, president of Sikorsky, said his company had made an undertaking for a long-term association with Australian industry in connection with their proposed sale of the Sikorsky S70 Sea Hawk to the Royal Australian Navy.

Under the deal, Hawker de Havilland will build the wing and the upper and lower stabilisers for the roter pistons research aircraft that will test the new X-wing system being developed by Sikorsky under a contract from the U.S. National Aeronautics and Space Administration.

Mr Bruce Price, Australian managing director of Hawker de Havilland, said this was the first time his company had been involved in a major U.S. defence development.

The Australian armed services need at least 68 machines over the next 10 years, and until now Westland Helicopters has been a strong candidate for the contract.

This is because it has made a pitch on the basis of the order being the first stage towards the company building machines in Australia for export to Asia, where it hopes to get one-sixth of the market over the next decade.

FEARS OF COMPETITION FROM JAPAN AND U.S.

## Cit-Alcatel urges telephone sales accord

BY DAVID MARSH IN PARIS

CIT-ALCATEL, the French state-controlled telecommunications group, has made a strong call for a proposed Franco-British telephone sales accord to strengthen European collaboration and stand up to threatened competition from U.S. and Japanese multinationals.

M Christian Fayard, managing director of the public telephones division of CIT-Alcatel, said an agreement was necessary to end "100 years of non-contact" between the British and French telecommunications industries and to show that Europe could group together to tackle sharpened world-wide competition.

The British and French telecommunications authorities, together with the two countries' chief telephones manufacturers, have been holding talks for several months on a proposal for reciprocal sales in each other's markets of the French E.10 digital telephone system and Britain's System X exchange.

Sir George Jefferson, the chairman of British Telecom, is due to visit Paris in a few weeks' time, probably in May, to discuss the project with M Jacques Dondoux, head of France's DGT telephones authority.

France, which launched the initiative for the talks at a meeting between President Francois Mitterrand and Mrs Margaret Thatcher last October has, however, been irked by suggestions from British Telecom that the E.10 system, despite its present world-beating performance, could quickly become technologically obsolete.

M Fayard said the French telecommunications industry, which under a landmark agreement last autumn now groups together CIT-Alcatel with the telephone interests of the Thomson electronics group, spends around $150m (£107m) annually on updating digital telephone systems.

Officials at the DGT have made clear that France would be quick to respond to any campaign by British Telecom to turn down the French deal.

M Fayard points out that the E-10 exchange together with the MT 20 and 25 systems developed by Thomson have been ordered or installed to the tune of 18m lines worldwide in 44 countries, amounting to 30 per cent of the international market so far developed for digital exchanges.

Around two-thirds of the total refers to lines in France, with one-third installed or ordered abroad.

By contrast, System X has made only one overseas sale—to the Caribbean island of Saint Vincent.

In a discreet threat which shows the importance France is attaching to completing the deal, DGT officials say they realise that neither E-10 nor System X may be the world's most up-to-date system.

But if British Telecom develops its theme that E-10 is outmoded, they say, France could easily fight back by using its contacts already forged on the world market to spoil any chance of the System X developing an "independent international foothold.

The DGT believes it has a strong impression of System X's strengths and weaknesses after months of appraisal of both the British and French exchanges by technical teams from the two countries.

M Fayard said the important point about the proposed Franco-British deal was not the question of opening up exports to Britain in exchange for sales of the System X in France, which he called simply "an exchange of market shares."

Rather, he said, an accord would lay the foundations "for building collaboration among British and French manufacturers and users to stand up to international competition."

He pointed out that Europe had roughly double the number of telephone exchange manufacturers compared with the U.S., although the European market was about half that in America.

Because of the size of investment needed to develop, update and commercialise telephone exchanges on the world market, "it is necessary to unite efforts in Europe rather than to disperse them," he said.

A reciprocal accord on the E.10 and System X would go beyond a simple export deal and would involve considerable industrial roles for British and French manufacturers on the two markets.

He also pointed out that Britain had a more pressing need than France for a second digital telephone system to complement present exchanges.

British Telecom would like to instal a second system to complement System X in 1986, whereas France would not need an alternative until 1987, when the present E.10 and MT ranges are due to be harmonised under restructuring plans worked out between Thomson and CIT, he said.

**The European Community needs a signal that Japanese officials are implementing decisions by their political masters to increase imports, Mr Jan Brinkhorst, head of a Community delegation in Japan said yesterday, Reuter reports.**

**Japan's trade surplus with the Community, which rose by 10 per cent in 1983 to $10.4bn (£7.4bn), was causing grave concern, he added.**

**...M Gaston Thorn, President of the Community Commission, is to visit Tokyo on May 3.**

## Pan Am to move German HQ to West Berlin soon

BY LESLIE COLITT IN BERLIN

PAN AMERICAN is to move its internal German service and central European headquarters from Frankfurt to West Berlin next month as a result of the city's expanded investment incentives.

The decision, announced by Mr Edward Acker, chairman of Pan Am, was taken after talks between West Berlin officials and the airline on the benefits both sides would derive from Pan Am's relocation to West Berlin.

Mr Acker said the move reflects the "significant contribution Berlin and the internal German service make to Pan Am's total corporate strategy."

Pan Am is the second company in a year to move its headquarters to West Berlin after the West German cigarette company, Martin Brinkman AG.

A spokesman for the city's economic department said the Pan Am decision marked a turning point in convincing companies of the advantages to establishing their main offices in West Berlin.

The city is especially eager to have some of the West German companies which moved their headquarters from Berlin to West Germany in the post-war period, return.

Pan Am is expected to bring some 15 executives to West Berlin in addition to the 342 employees it currently has in the city.

## U.S. curbs on 'high-tech' for China attacked

PEKING — Washington's controls on technology exports to China are discriminatory and unequal, a leading Chinese scientific official said yesterday.

Chen Zongji, director of China's Institute of Geophysics, said U.S. policy on scientific and technological exchange with China had hampered co-operation in these areas, the New China News Agency reported.

Chen made his comments as a U.S. team began talks in Peking to seek a nuclear energy co-operation agreement with China before a visit later this month by President Ronald Reagan.

Washington will not allow U.S. companies to sell China nuclear energy equipment without being able to approve any Chinese reprocessing of spent fuel to ensure it is not diverted for military use. China is reluctant to permit such inspection.

Reuter

## Tenders issued to make small car in Egypt

BY CHARLES RICHARDS IN CAIRO

TENDERS WERE issued yesterday for the design and manufacture of a small- and medium-sized car in Egypt.

The General Organisation for Industrialisation, has issued tender documents for a small 1,000 cc car with an initial volume of 60,000 units rising to 100,000 units. Investment required is expected to be between $300m and $400m (£214m-£285m).

Tenders for the medium, one-and-a-half litre car have been issued by the state-owned NASR Automotive Company. Invstment to raise local content to 70 per cent is expected to be $100m planned production is 30,000 vehicles a year.

Closing date for tenders is June 16, with assessment and evaluation expected to take four months.

Tender documents are being sent to local representatives of Peugeot and Renault of France, Volkswagen of West Germany, General Motors of the U.S., Fiat of Italy, Seat of Spain, Toyota, Mazda, Honda Nissan of Japan, and Austin Rover of the UK.

Egyptian officials say they expect the same company will be chose for both the small- and medium-sized car to ensure commonality of parts and to avoid duplication of investment.

The aim of the project is to cut back on imports and to develop a skilled production base. With a population growth of 2.7 per cent, Egypt also needs to find 400,000 new jobs a year.

Egypt also wants to manufacture certain parts and components for export, partly as a way of generating foreign exchange for paying for raw materials, and partly to ensure security of supplies from the eventual parent company.

Because of the stress on content, opportunities abound for the feeder and component industries.

## Ericsson wins £17.8m bank machine order

By Jason Crisp

L. M. ERICSSON, the Swedish communications group, has won a $25m (£17.8m) order for automated telling machines (ATMs) from the Swedish Savings Banks. The order is for 1,000 machines, thought to be one of the largest ever placed, against strong foreign competition.

The ATMs are being jointly developed by Ericsson Information Systems and Omron Tateisi Electronics of Japan. The machines will be of a completely new design and are to be installed in Autumn, 1985. They will replace 650 existing ATMs from Docutel of the U.S.

Last week, Ericsson lost a major contract at Fellesdata, a data centre serving most of the Norwegian savings banks. Fellesdata placed a $60m order with NCR, the U.S. computer group, for banking automation equipment including ATMs.







### BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 8½% | Heritable & Gen. Trust | 8½% |
| Allied Irish Bank | 8½% | ■ Hill Samuel § | 8½% |
| Amro Bank | 8½% | C. Hoare & Co. † | 8½% |
| Henry Ansbacher | 8½% | Hongkong & Shanghai | 8½% |
| Armco Trust Ltd. | 8½% | Kingsnorth Trust Ltd. | 10 % |
| Associates Cap. Corp. | 9 % | Knowsley & Co. Ltd. | 9½% |
| Banco de Bilbao | 8½% | Lloyds Bank | 8½% |
| Bank Hapoalim BM | 8½% | Mallinhall Limited | 8½% |
| BCCI | 8½% | Edward Manson & Co. | 9½% |
| Bank of Ireland | 8½% | Meghraj and Sons Ltd. | 8½% |
| Bank of Cyprus | 8½% | Midland Bank | 8½% |
| Bank of India | 8½% | ■ Morgan Grenfell | 8½% |
| Bank of Scotland | 8½% | National Bk. of Kuwait | 8½% |
| Banque Belge Ltd. | 8½% | National Girobank | 8½% |
| Banque du Rhone | 9½% | National Westminster | 8½% |
| Barclays Bank | 8½% | Norwich Gen. Tst. | 8½% |
| Beneficial Trust Ltd. | 9½% | People's Tst. & Sv. Ltd. | 9½% |
| Bremar Holdings Ltd. | 8½% | R. Raphael & Sons | 8½% |
| Brit. Bank of Mid. East | 8½% | P. S. Refson & Co. | 8½% |
| ■ Brown Shipley | 9 % | Roxburghe Guarantee | 9½% |
| CL Bank Nederland | 8½% | Royal Trust Co. Canada | 8½% |
| Canada Perm't Trust | 8½% | ■ J Henry Schroder Wagg | 8½% |
| Castle Court Trust Ltd. | 9 % | Standard Chartered ‖ | 8½% |
| Cayzer Ltd. | 8½% | Trade Dev. Bank | 8½% |
| Cedar Holdings | 9 % | TCB | 8½% |
| ■ Charterhouse Japhet | 8½% | Trustee Savings Bank | 8½% |
| Choulartons | 10½% | United Bank of Kuwait | 8½% |
| Citibank Savings ¶ | 9½% | United Mizrahi Bank | 8½% |
| Clydesdale Bank | 8½% | Volkskas Limited | 8½% |
| C. E. Coates | 9½% | Westpac Banking Corp | 8½% |
| Comm. Bk. of N. East | 8½% | Whiteaway Laidlaw | 9 % |
| Consolidated Credits | 8½% | Williams & Glyn's | 8½% |
| Co-operative Bank * | 8½% | Wintrust Secs. Ltd. | 9 % |
| The Cyprus Popular Bk. | 8½% | Yorkshire Bank | 8½% |
| Dunbar & Co. Ltd. | 8½% | | |
| Duncan Lawrie | 8½% | | |
| E. T. Trust | 9 % | | |
| Exeter Trust Ltd. | 9½% | | |
| First Nat. Fin. Corp. | 11 % | | |
| First Nat. Secs. Ltd. | 9½% | | |
| Robert Fraser | 9½% | | |
| Grindlays Bank ‡ | 8½% | | |
| ■ Guinness Mahon | 8½% | | |
| ■ Hambros Bank | 8½% | | |

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.25%. 1-month 6%. Fixed rate 12 months £2,500 8% £10,000, 12 months 8.25%.
† 7-day deposits on sums of: under £10,000 5¾%, £10,000 up to £50,000 6¼%, £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5¼%.
‖ 21-day deposits over £1,000 6¼%.
§ Demand deposits 5¼%.
¶ Mortgage base rate.

# Slowdown in volume of retail spending

BY PHILIP STEPHENS

BRITAIN's consumer spending boom showed signs of slowing last month with an unexpected drop in the level of retail sales.

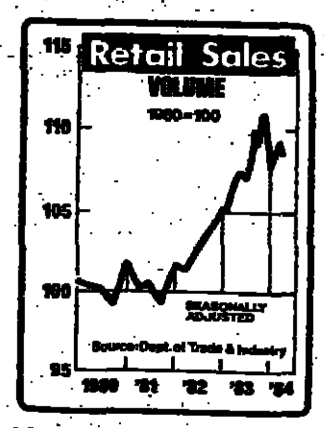
The Department of Industry said yesterday that provisional data indicated that the volume of retail business fell 0.8 per cent in March to an index value of 108.6 (1980 = 100).

In Whitehall, however, officials reacted calmly to the lower level of spending, which they believe may be largely attributable to a run of poor weather.

An exceptionally high volume of sales in the last three months of 1983 and the lateness of Easter may also have contributed to the relatively poor figures so far this year.

In the first three months of 1984 retail trade has been 1½ per cent below the level of the previous quarter, Although it remains 3 per cent up on the first three months of last year.

Indications are that sales will pick up in April. Last year buoyant consumer spending provided the main impetus for the 3 per cent growth in the economy.




Some slowdown is likely in 1984 as consumers reach their borrowing limits, but the Treasury believes that further rises in take-home pay point to only a slight reduction in spending.

# BP tests new oil recovery technique

FINANCIAL TIMES REPORTER

SCIENTISTS at British Petroleum (BP) are testing detergents to see if they can be used to get more oil out of North Sea.

Professor John Cadogan, the company's director of research, told the Royal Society of Chemistry that conventional methods of oil recovery in the North Sea allowed only 40 to 45 per cent of oil be recovered.

If the new method worked, 15 to 40 per cent of the oil that was left might also be extracted.

Detergent made the oil more liquid so that it could be pushed more easily out of rocks, he said.

Different detergents were needed for different oilfields and the trials now under way were designed for the Forties Field.

# Alexander recovers further £1.1m

ALEXANDER & ALEXANDER Services, the world's second largest insurance broker, gained £1.1m from four former executives of its British subsidiary Alexander Howden Group in a private settlement last week, John Moore writes.

Since August 1982, Alexander & Alexander has been attempting to recover assets from the four former executives whom it accused of misappropriating $55m from Howden's insurance interests.

The four former executives who reached the settlement were Mr Kenneth Grob, the former Howden chairman, Mr Ronald Comery, Mr Alan Page and Mr Jack Carpenter.

Under the terms of the settlement, Alexander & Alexander received £300,000 worth of marketable securities, a Renoir painting valued at £250,000, and a London house belonging to Mr Kenneth Grob, valued at £550,000.

In all, Alexander & Alexander has succeeded in recovering about $29m of assets from the executives which it had alleged were missing.

Mr Grob has been allowed to keep the Villa Olivula, at Villefranche in the South of France, which was orignally valued at $3.1m. The villa has been recently revalued and is understood to have been assessed as being worth £400,000.

Mr Carpenter and Mr Page last week resigned from Lloyd's and although Lloyd's is seeking to begin disciplinary action against all four executives and Mr Ian Posgate, the former leading underwriter at Alexander who is not a party to the latest settlement, it is doubtful whether the Lloyd's authorities will have jurisdiction over the two once the resignations become effective.

Lloyd's has said it may make a rule to prevent a resignation unless a member has permission to do so.

Its powers of jurisdiction were called into question recently when two underwriters involved in another investigation resigned.

# Security company plans Middle East operation

BY CHARLES BATCHELOR

TWO BRITISH security companies have set up an organisation to help governments and companies in the Middle East to counter the threat of terrorist and criminal action.

The new company, Defence and Security International, will analyse the risks and devise counter-measures for potential targets such as airfields, oil refineries, rigs and desalination plants. It will train guards and install electronic security measures.

The main UK partners are Security Centres Holdings, a publicly-quoted electronic alarms group, and Defence Systems International, a privately-owned security consultant and equipment supplier.

A third partner is the Middle East Institute for Strategic Studies, which is based in Jordan and provides advice on security-measures for clients in the Middle East.

The new company will be based in Limassol, Cyprus, and plans to establish operations with local partners in countries such as Saudi Arabia, Dubai and Kuwait. It hopes to obtain contracts worth £10m by the end of 1985.

# Bridges resigns as head of Plessey subsidiary

BY GUY DE JONQUIERES

MR JIM BRIDGES has resigned as president of Stromberg-Carlson, the U.S. telecommunications manufacturer acquired by Plessey 18 months ago.

Plessey said that Mr Bridges left the company at the start of this month to join Burroughs, the U.S. computer manufacturer, where he had been offered a senior management post.

Mr Bridges was president of Stromberg when it was bought by Plessey and had previously worked for Burroughs. Plessey and Burroughs have been discussing proposals for technical collaboration in data communications.

Mr John Whyte, chairman of Plessey Telecommunications International, has been appointed acting president of Stromberg until a permanent replacement for Mr Bridges is found. That is expected to take about two months.

Mr Whyte is a former head of British Telecom's major systems division and supervised the reorganisation in 1982 of the production arrangements for System X, Britain's electronic digital telephone exchange.

# Dutch and Japanese companies obtain cheapest overdrafts

BY DAVID LASCELLES

DUTCH companies have the lowest bank overdraft costs in the industrialised world, closely followed by the Japanese and West Germans, according to a survey by the London-based Association of Corporate Treasurers.

The association's journal The Treasurer publishes in its latest issue what it claims is the first survey of the cost worldwide of overdraft finance for prime corporate borrowers. The information was supplied by leading banks in each country and aims to establish the effective cost of bank loans, including taxes and extra charges.

The difference between the stated and effective cost can be considerable.

In Switzerland, the Zurich interest committee sets a nominal rate which, at the time of the survey at the end of February, was 6.75 per cent, the lowest of any country. But banks levy an extra 0.25 per cent on the highest quarterly balance which, including other charges, raised the effective rate to 8.84 per cent.

In the Netherlands, by contrast, the effective cost of 7.32 per cent was little more than the nominal cost of 7.25 per cent.

**OVERDRAFT COSTS**

**Effective cost of overdraft finance worldwide for prime corporate borrowers**

| | % |
|---|---|
| Netherlands | 7.32 |
| Japan | 7.72 |
| W. Germany | 8.34 |
| Switzerland | 8.84 |
| Austria | 9.69 |
| UK | 10.13 |
| U.S. | 11.39 |
| France | 16.27 |
| Belgium | 16.58 |
| Italy | 17.62 |

*Source: The Treasurer. April 1984*

The survey shows more than the nominal cost of 7.25 per cent.

The survey shows that banks in several countries, including Belgium and France, charge a percentage of the highest balance in any quarter on top of the basic cost of the loan. Some also charge commitment fees or levy interest on the entire overdraft facility, whether taken up or not.

Borrowers seem to get the worst deal in Zimbabwe, where banks charge a flat 1 per cent on the overdraft facility and collect interest in advance. This adds 2.15 per cent to the cost of a loan.



## COMPANY NOTICES

### London American Energy N.V.

**Annual General Meeting**

Notice is hereby given that the Annual General Meeting of London American Energy N.V. will be held at Pietermaai 15, Willemstad, Curacao, Netherlands Antilles on 7th May 1984 at 10.00 a.m. to consider and, if thought fit, to pass resolutions for the following purposes:—

1. to approve the balance sheet of the Company and the consolidated balance sheet as of 31st December 1983, the related consolidated statements of Income and retained earnings and changes in financial position of the company and its subsidiaries for the year ended 31st December 1983, together with the respective notes thereto and the Auditors' Report thereon;
2. to ratify the payment on 18th November 1983 of the interim dividend of $30 per share;
3. to ratify the distribution on 18th November 1983 of $120 per share by way of capital repayment out of additional paid in capital;
4. to approve the distribution of $30 per share by way of capital repayment out of additional paid in capital; and
5. to re-appoint the Auditors and authorise the Board to determine their remuneration.

**London American Energy N.V.**
**4th April 1984**

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

**KOMATSU LTD**

EDR holders are informed that Komatsu Ltd. has paid a dividend to holders of record December 31, 1983. The cash dividend payable is Yen 4 per Common Stock or Yen 50.00 per share. Pursuant to the Deposit Agreement the Depositary has converted the net amount, after deduction of Japanese withholding taxes, into United States Dollars.

EDR holders may now present Coupon No. 29 for payment.

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

| | | | |
|---|---|---|---|
| A.R. of Egypt | F.R. of Germany | The Netherlands | Spain |
| Australia | Finland | New Zealand | Sweden |
| Belgium | France | Norway | Switzerland |
| Brazil | Hungary | Rep. of Korea | United Kingdom |
| Canada | Ireland | Romania | U.S. of America |
| Czechoslovakia | Italy | Singapore | Zambia |
| Denmark | Malaysia | | |

Failing receipt of a valid affidavit Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after July 31, 1984.

Amounts payable in respect of current dividends.

| Coupon No. 29 EDR denomination | Gross Dividend | Dividend payable less 15% Japanese withholding tax | Dividend payable less 20% Japanese withholding tax |
|---|---|---|---|
| 1 share | $0.017777 | $0.015111 | $0.014222 |

Depositary:
Citibank, N.A.
336, Strand, London WC2R 1HB.

April 13, 1984.

**REED INTERNATIONAL LIMITED**

**US$40,000,000 9% Bonds 1987**

S. G. WARBURG & CO. LTD. announce that the redemption instalment of Bonds due 15th May, 1984, for a nominal value of US$4,500,000 has been met by purchases in the market.

US$31,000,000 nominal amount of Bonds will remain outstanding after 15th May, 1984.

30 Gresham Street
London EC2P 2EB
*13th April, 1984*

**REPUBLIC OF COSTA RICA**

**Floating Rate Note Issue of US$20 million April 1978/85**

The rate of interest applicable for the six months period beginning on April 13 1984 and set by the reference agent is 12¼% annually.

NOTICE OF FINAL REDEMPTION

**CREDIT COMMERCIAL DE FRANCE**

US$45,000,000
Floating Rate Notes 1978-1985

NOTICE IS HEREBY GIVEN to the holders of the above mentioned Notes that CREDIT COMMERCIAL DE FRANCE will proceed to the redemption of the total of the outstanding Notes on May 9th, 1984.

Interest accruing on the outstanding Notes will cease on that same date.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Trustee

## LEGAL NOTICES

No. 001414 of 1984
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
ELECTRONIC MACHINE COMPANY PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice Chancery Division dated 2nd April 1984 confirming the cancellation of the Share Premium Account and the reduction of capital of the above-named Company from £700,000 to £140,000 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 6th April 1984.

Dated the 10th day of April 1984.

CLIFFORD-TURNER,
Blackfriars House,
19, New Bridge Street,
London EC4V 6BY.
Solicitor to the above-named Company.

## UK NEWS

## Councils win court case over pay cuts

By Raymond Hughes and David Brindle

THE HIGH COURT yesterday upheld decisions by two local authorities to dismiss their school meals staff and then to offer them re-engagement on terms inferior to those under a national agreement.

The National Union of Public Employees (Nupe) said the rulings cleared the way for councils throughout the country to cut the pay of their employees regardless of national agreements.

Mr Rodney Bickerstaffe, the union's general secretary, condemned the rulings as "legalised theft." He said: "The councils are stealing wages and conditions from already low-paid and exploited workers who serve the communities in which they live." The union is to consider an appeal.

In the High Court, Mr Justice Mann refused claims by Nupe for declarations that Hertfordshire and East Sussex county councils had exceeded their legal powers in deciding to change the employment terms of their meals staff.

He held that councils had taken into account all relevant considerations before making their decision which had been forced upon them by the Government's spending limits.

The judge said the court's task was to see whether the councils had acted lawfully, not to be an appeal court adjudicating on the councils' treatment of their workers.

Nupe was successful in its claim for a similar injunction against Birmingham city council. The judge decided that the council's education committee had exceeded its powers in delegating to the chief education officer the right to dismiss, and then offer re-engagement to, about 5,000 meals staff.

## How the parties make creative use of pennies from Europe

**Margaret van Hattem explains the allocation of EEC election funds**

THE BRITISH Parliament was once wickedly described by Flanagan and Allen, the music hall comedians, as "the finest body of men that money can buy."

That, of course, was long before the European Parliament was set up. For if the £25m being spent by European taxpayers on this year's EEC elections is anything to go by, Westminster must pale beside Strasbourg.

Of that £25m, more than £4.5m will be spent in Britain. But because the system of allocation is geared more to the proportional representation systems of the other nine EEC countries than to Britain's first-past-the-post system, the distribution in the UK will be somewhat lopsided.

Two thirds of the money – about £17m – has been available since January 1983 for an "information campaign," supposedly to educate voters about European issues and institutions.

This money, which has to be committed – although not necessarily spent – by May 3 is, however, available only to those parties already represented at Strasbourg and is handed out on the basis of seats held.

It is paid through the political groups there, who allocate it to constituent parties as they see fit. Under this system, the Conservatives, with 60 of the 63 seats in the European Democratic Group, have claims on most of the £2.45m allocated to the group.

The Liberals are not strictly eligible for any of the money because they have no seats, but have been allocated some (believed to be about £200,000) by the Liberal and Democratic Group, to which they are affiliated. The Social Democratic Party (SDP), which is not affiliated to any group, is not getting anything at all, although it is linked to the Liberals in a UK parliamentary alliance.

The remaining one-third of the total – about £8m – will not be paid until after the election of June 14, when parties – even those which have not won seats – will be able to claim for election expenses, up to a limit determined by the number of votes cast for them, provided they have won more than a fixed minimum of votes.

In Britain, this would probably provide a total of about £1.5m for all parties, with the Conservatives almost certainly eligible for the biggest share.

This time, the SPD would also get a share, even if, as is expected, it does not pick up a single seat, because its vote is likely to be above the minimum. However, parties such as Sinn Fein and the National Front, which are not affiliated to any of the European groups, would be most unlikely to qualify.

If voting in Britain were to be similar to that in last June's general election, the Conservatives would be eligible for a total of about £3m, compared with about £1m for Labour and less than £600,000 for the Liberal SDP/Alliance (including the money donated by the European Liberals).

The system gives the Conservatives another inbuilt advantage. Since the £2.4m available to them for the information campaign has been at their disposal since the beginning of last year, there would have been nothing to stop them drawing on it, putting it on deposit and paying the interest directly into party funds.

European officials point out that this is a private matter for the Conservative Party, but they estimate that, wisely invested, it could have boosted party funds by about £200,000.

All of this appears to be a matter of some embarrassment to the Conservatives, who strongly disapprove of state funding for political parties. Indeed, they insist that they will use their allocation of European money only for information purposes, and will draw on party funds for direct election expenses.

Party officials concede, however, that, if their information campaign costs more than the funds allocated for it, they may, as permitted under election rules, draw on their election expenses allocation to top up the difference.

Spending all this money within the time and according to the rules specified by the European Parliament, is posing problems for Labour and Conservatives alike. The definition of an "information campaign" is being stretched, in places to near transparency.

For the Conservatives, it covers a contract, reported to be for about £500,000 to advertising agents Saatchi and Saatchi, as well as a range of conferences across the country, poster advertisements and pamphlets about the EEC.

It also covers trips to Strasbourg – to learn about the EEC at first hand – for party workers and journalists. The Conservatives have been taking about two groups of about 40 people each to the monthly sittings of Parliament – an exercise which non-party sources estimate has provided trips for around 300 people at a total cost of around £120,000.

Labour has also been showing initiative. The party has set up a campaign unit of nine full-time workers. The unit has premises inside the party's Walworth Road headquarters in South London.

Whether all this expenditure will improve the quality of representative in Strasbourg is a question that produces chuckles among party officials. But it was ever thus.

# Rand Mines Group

All companies are Members of the Barlow Rand Group

## Gold Mining Company Reports for the Quarter ended 31st March, 1984

*(All Companies incorporated in the Republic of South Africa)*

Office of the Secretaries of the undermentioned companies in the United Kingdom, 40 Holborn Viaduct, London EC1P 1AJ

### HARMONY GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES OF 50 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST MARCH, 1984.

| OPERATING RESULTS —ALL PRODUCTS | Quarter ended 31.3.1984 | Quarter ended 31.12.1983 |
|---|---|---|
| Ore milled (t): | 1 852 000 | 1 891 000 |
| Gold produced (kg): | 7 687 | 7 763 |
| —yield (g/t): | 4.15 | 4.10 |
| Uranium—slime treated (t): | 1 704 776 | 1 808 000 |
| —Oxide produced (kg): | 139 225 | 140 700 |
| —Yield (kg/t): | 0.082 | 0.078 |
| Pyrite—concentrate recovered (t): | 27 979 | 27 603 |
| Sulphuric acid produced (t): | 28 166 | 38 543 |
| Total revenue (R/t milled): | 71.57 | 67.04 |
| Total costs (R/t milled): | 52.03 | 49.54 |
| Total profit (R/t milled): | 19.54 | 17.50 |
| Gold price received—(R/kg): | 15 252 | 14 417 |
| —(/oz): | 389 | 384 |
| FINANCIAL RESULTS (R000's) —ALL PRODUCTS | | |
| Revenue—Gold, silver and osmiridium | 117 514 | 112 255 |
| —Uranium, pyrite and sulphuric acid | 15 045 | 14 525 |
| Total revenue | 132 559 | 126 780 |
| Costs | 96 366 | 93 691 |
| Working profit | 36 193 | 33 089 |
| Sundry revenue—(net) | 3 614 | 2 743 |
| Profit before taxation and State's share of profit | 39 807 | 35 832 |
| Taxation and State's share of profit | 15 113 | 10 080 |
| Profit after taxation and State's share of profit | 24 694 | 25 752 |
| Capital expenditure | 10 682 | 13 251 |
| Dividend declared | 28 228 | — |
| Loan levy refund (1977) | 414 | — |

DIVIDEND

Final Dividend No. 55 of 105 cents per share was declared on 8th March, 1984 payable on or about 4th May, 1984 to shareholders registered at the close of business on 23rd March, 1984.

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R12 281 905. The estimated total capital expenditure for the remainder of the current financial year is R15.0 million.

HARMONY NO. 4 SHAFT COMPLEX

Service Shaft

This shaft was sunk 465 metres during the quarter to a depth of 1 269 metres.

No. 4A Ventilation Shaft

This shaft was sunk 147 metres during the quarter to a depth of 1 094 metres.

TAXATION

As announced by the Minister of Finance on 28th March, 1984, the surcharge on mining taxation has been increased from 15% to 20% and non-mining income is now subject to a total tax charge of 50%. An additional provision of R1 380 000 to cover the increased taxation liability for the current financial year to date has been included in the results for the quarter ended 31st March, 1984, of which R894 000 is in respect of the six months ended 31st December, 1983.

MERRIESPRUIT URANIUM PLANT

Members were informed in a press announcement on 12th March, 1984 that in view of the depressed state of the world uranium market it had been decided to discontinue production at the Merriespruit uranium plant. This plant accounted for about 28% of the mine's total uranium production.

Production from the Harmony and Virginia uranium plants, together with the existing stock of processed uranium, would be sufficient to meet the company's long-term committed sales.

The closure of the Merriespruit plant will result in savings in operating costs, and hence small improvements in profits. The company is investigating the possibility of converting the Merriespruit uranium plant into a gold plant to treat tonnage from the new Harmony No. 4 shaft complex in 1986.

GOLD HEDGING

No gold hedging transactions took place during the quarter.

For and on behalf of the board.
D. T. WATT (Chairman) } Directors
C. G. KNOBBS

10th April, 1984.

### BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED

ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES OF 25 CENTS EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST MARCH, 1984.

| OPERATING RESULTS | Quarter ended 31.3.1984 | Quarter ended 31.12.1983 |
|---|---|---|
| *Gold* | | |
| Ore milled (t): | 585 000 | 565 000 |
| Gold produced (kg): | 4 105.7 | 4 145.8 |
| Yield (g/t): | 7.02 | 7.34 |
| Revenue (R/t milled): | 107.23 | 107.48 |
| Cost (R/t milled): | 60.36 | 61.01 |
| Profit (R/t milled): | 46.87 | 46.47 |
| Revenue (R000's): | 62 730 | 60 729 |
| Cost (R000's): | 35 310 | 34 473 |
| Profit (R000's): | 27 420 | 26 256 |
| Gold price received—(R/kg): | 15 249 | 14 611 |
| —($/oz): | 389 | 385 |
| *Uranium oxide* | | |
| Slime treated (t): | 497 823 | 481 433 |
| Oxide produced (kg): | 70 104 | 57 432 |
| Yield (kg/t): | 0.141 | 0.119 |
| FINANCIAL RESULTS (R000's) | | |
| Working profit: Gold | 27 420 | 26 256 |
| Working profit: Uranium oxide | 7 555 | 2 019 |
| Sundry revenue (net): | 2 562 | 1 858 |
| Profit before taxation and State's share of profit | 37 537 | 30 133 |
| Taxation and State's share of profit | 22 390 | 14 077 |
| Profit after taxation and State's share of profit | 15 147 | 14 056 |
| Capital expenditure | 4 175 | 5 960 |
| Dividend declared | — | 20 400 |
| Loan levy refund (1977) | 1 185 | — |

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R3 073 000. The estimated total capital expenditure for the remainder of the current financial year is R3.5 million.

TAXATION

As announced by the Minister of Finance on 28th March, 1984, the surcharge on mining taxation has been increased from 15% to 20% and non-mining income is now subject to a total tax charge of 50%. An additional provision of R1 880 000 to cover the increased taxation liability for the current financial year to date has been included in the results for the quarter ended 31st March, 1984, of which R1 265 000 is in respect of the six months ended 31st December, 1983.

GOLD HEDGING

No gold hedging transactions took place during the quarter.

For and on behalf of the board.
C. G. KNOBBS (Chairman) } Directors
J. R. FORBES

10th April, 1984.

GENERAL NOTE:
All financial figures are subject to audit.

### DURBAN ROODEPOORT DEEP, LIMITED

ISSUED CAPITAL: R2 325 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST MARCH, 1984.

| OPERATING RESULTS | Quarter ended 31.3.1984 | Quarter ended 31.12.1983 |
|---|---|---|
| Gold | | |
| Ore milled (t): | 598 000 | 567 000 |
| Gold produced (kg): | 1 974.3 | 1 915.0 |
| Yield (g/t): | 3.30 | 3.38 |
| Revenue (R/t milled): | 49.83 | 50.10 |
| Cost (R/t milled): | 52.11 | 51.02 |
| (Loss) (R/t milled): | (2.28) | (0.92) |
| Revenue (R000's): | 29 801 | 28 405 |
| Cost (R000's): | 31 162 | 28 928 |
| (Loss) (R000's): | (1 361) | (523) |
| Gold price received—(R/kg): | 15 056 | 14 792 |
| —($/oz): | 385 | 397 |
| FINANCIAL RESULTS (R000's) | | |
| Working (Loss)—Gold | (1 361) | (523) |
| Sundry revenue (net) | 682 | 733 |
| State assistance claimed | 2 439 | 3 671 |
| Profit before taxation and State's share of profit | 1 760 | 3 881 |
| Taxation and State's share of profit | — | — |
| Profit after taxation and State's share of profit | 1 760 | 3 881 |
| Capital expenditure | 2 772 | 3 935 |

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R1 955 000. The estimated total capital expenditure for the remainder of the current financial year is R11.9 million.

GOLD HEDGING

During the quarter ended 31st March, 1984 various gold hedging transactions were finalised and the proceeds arising therefrom form part of revenue derived from the sale of gold.

The company has sold gold forward on a principal to principal basis as detailed below:

| Quarter | Kilograms of gold sold | Average Realisable value per kilogram sold |
|---|---|---|
| 1984—2nd | 187 | R16 350 |
| 1984—3rd | 466 | R16 521 |
| 1984—4th | 373 | R17 291 |
| 1985—1st | 311 | R18 143 |

These transactions had no effect on the results for the quarter ended 31st March, 1984.

For and on behalf of the board.
C. G. KNOBBS (Chairman) } Directors
H. G. MOSENTHAL (Man. Dir.)

9th April, 1984.

### EAST RAND PROPRIETARY MINES, LIMITED

ISSUED CAPITAL: R5 544 000 IN SHARES OF R1.00 EACH
REPORT OF THE DIRECTORS FOR THE QUARTER ENDED 31ST MARCH, 1984.

| OPERATING RESULTS | Quarter ended 31.3.1984 | Quarter ended 31.12.1983 |
|---|---|---|
| Ore milled (t): | 691 000 | 690 000 |
| Gold produced (kg): | 2 687.1 | 2 684.5 |
| Yield (g/t): | 3.89 | 3.89 |
| Revenue (R/t milled): | 58.86 | 57.43 |
| Cost (R/t milled): | 66.68 | 62.57 |
| Profit/(Loss) (R/t milled): | (7.82) | (5.14) |
| Revenue (R000's): | 40 669 | 39 625 |
| Cost (R000's): | 46 074 | 43 170 |
| Profit/(Loss) (R000's): | (5 405) | (3 545) |
| Gold price received (R/kg): | 15 129 | 14 727 |
| —($/oz): | 384 | 397 |
| FINANCIAL RESULTS (R000's) | | |
| Working profit/(Loss) | (5 405) | (3 545) |
| Sundry revenue—net | 1 569 | 1 505 |
| State assistance claimed | 5 555 | 7 035 |
| Profit before taxation and State's share of profit | 1 719 | 4 995 |
| Taxation and State's share of profit | — | — |
| Profit after taxation and State's share of profit | 1 719 | 4 995 |
| Capital expenditure | 3 756 | 10 549 |

CAPITAL EXPENDITURE

There are commitments for capital expenditure amounting to R5 204 000. The estimated total capital expenditure for the remainder of the current financial year is R23.0 million.

GOLD HEDGING

The company has sold gold forward in terms of its gold hedging operations, as detailed below—

| Quarter | Kilograms of gold sold | Average realisable value per kilogram sold |
|---|---|---|
| 1984—2nd | 187 | R15 350 |
| 1984—3rd | 694 | R16 506 |
| 1984—4th | 435 | R17 362 |
| 1985—1st | 249 | R18 132 |

These transactions had no effect on the results for the quarter ended 31st March, 1984.

The proceeds from hedging transactions finalised during the quarter form part of revenue derived from the sale of gold.

OPERATING RESULTS

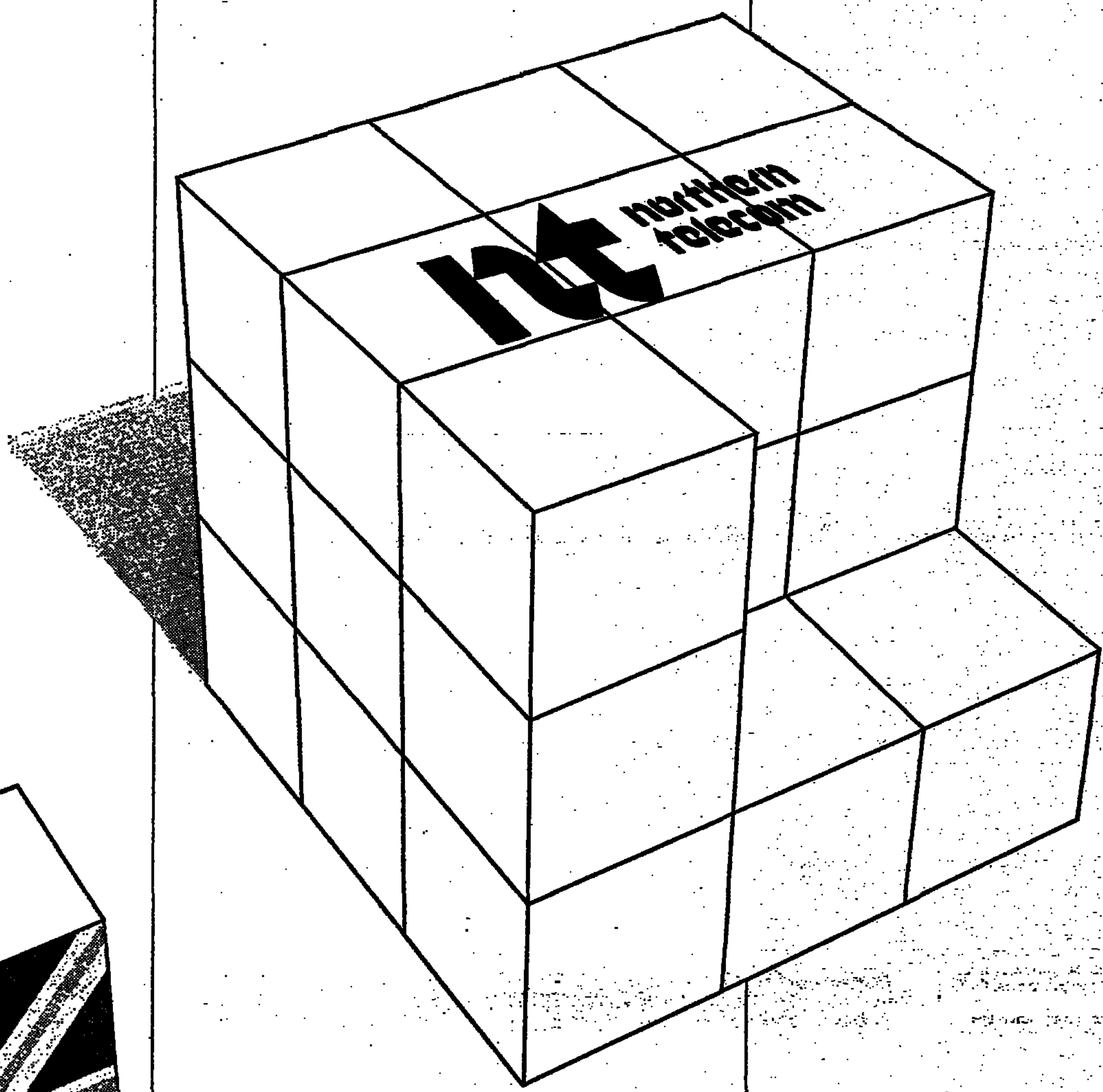
In comparing working costs for the two quarters cognisance should be taken of a non-recurring credit to working costs taken into account in the quarter ended 31st December, 1983 of R1.4m received from working costs rebates and insurance claims.

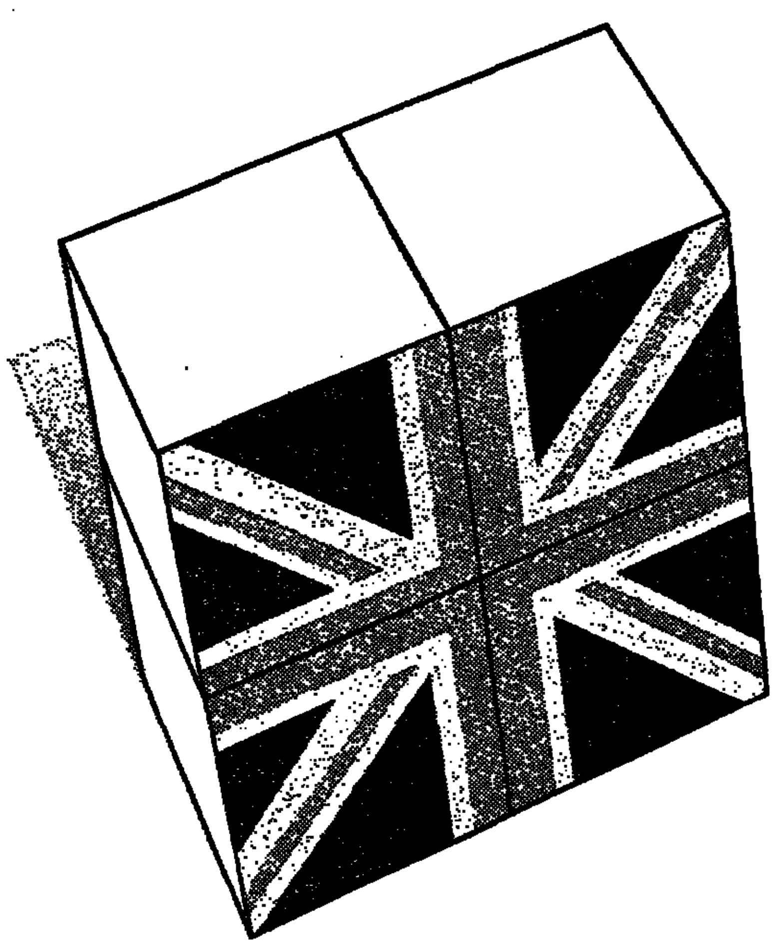
For and on behalf of the board.
D. T. WATT (Chairman) } Directors
J. R. FORBES

9th April, 1984

*Copies of these quarterly reports are obtainable from the United Kingdom Registrars and Transfer Agents, Charter Consolidated P.L.C., P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.*

# NORTHERN TELECOM. BUILDING THE TELECOMMUNICATIONS FUTURE.



## NORTHERN TELECOM plc.

In the Information Age, telecommunications is vital to the economic prosperity of every society. Industrial leadership will go to those nations that have the most advanced telecommunications infrastructure. Competitive advantage will be gained by those corporations that have the best information management systems.

Northern Telecom is the world's largest and leading manufacturer of **fully** digital telecommunications systems. It is playing a major role in advancing the telecommunications and information-management capability of nations and industries around the world. In so doing it is providing major economic benefits to those countries and companies.

**CREATION OF A NEW U.K. COMPANY**

In the United Kingdom, all Northern Telecom's telecommunications and data systems operations have been consolidated into one new company, Northern Telecom plc.

This represents an immediate capital investment of £7 million to bring together Northern Telecom's U.K. marketing, manufacturing, and research activities under one management.

Northern Telecom, which has been located in the U.K. for some eight years, employs about 400 people in the U.K. The company has licensed its SL*-1 private branch exchange technology to GEC in the U.K., whose customers include such organizations as British Telecom, the Ford Motor Company, and Esso Petroleum. Over the last five years, Northern Telecom has had sales in the U.K. of some £73 million and export sales, from the U.K., of £45 million in goods and technical services.

Northern Telecom's U.K. manufacturing is being concentrated in a new 100,000-square-foot plant in Hemel Hempstead.

A data systems product development centre, for which some 100 engineers, designers, technicians, and manufacturing personnel are being hired, is located there.

Bell-Northern Research Ltd., the largest privately owned research and development organisation in Canada and one of the leading telecommunications R&D organisations in the world, is establishing a laboratory near London. It is expected to employ at least 70 engineers and support staff by the end of the first year.

**WORLD LEADERSHIP IN DIGITAL TECHNOLOGY**

Increasingly, there is a demand for new telecommunications technologies in the United Kingdom and elsewhere. As the largest supplier of fully digital telecommunications systems in the world, Northern Telecom has made the decision to expand significantly its U.K. operation to help fulfill that requirement.

With the British Government's decision to open up the telecommunications market to competitive suppliers, Northern Telecom plc intends to become a major participant in, and contributor to, the U.K. telecommunications industry and its technologies. The company expects to become an integral part of the British economy.

For more information on Northern Telecom and its products contact: Northern Telecom plc., Berkeley Square House, Berkeley Square, London W1X 5LE. Telephone: 01-491 4599.

nt northern telecom

*Trademark of Northern Telecom Limited

## THE LARGEST SUPPLIER OF FULLY DIGITAL SYSTEMS IN THE WORLD.

# Farmers criticise EEC quotas

By Richard Mooney

BRITISH DAIRY farmers who have not increased their milk output in recent years will be among those hardest hit by the European Community's recent clampdown on dairy surpluses.

Mr Michael Jopling, Agriculture Minister, said at the weekend that the UK quota system would be based on 1983 production minus 9 per cent.

Even so, many UK producers are still far from clear about how they will be affected.

Sir Richard Butler, president of the National Farmers' Union, said after Mr Jopling's announcement that the continuing lack of information for individual producers was "a scandal," farmers were "little the wiser," and the whole system was in a "quite unacceptable mess."

He said most dairy farmers will be told in the next few days "the figures on which we mean to plan our future production."

The ministry would be in touch "later on" with producers who do not sell their milk directly to the Milk Marketing Board, the organisation which handles and wholesales much of UK dairy output.

Others are still not sure whether they constitute "special cases" and thus qualify for quota concessions. At present, special cases include those whose 1983 output was reduced by disease, destruction of feedstuffs or natural disaster.

Arguments for this definition to be widened are not expected to be discussed by the EEC dairy management committee until April 26.

EEC agriculture ministers recently agreed to impose quotas in an attempt to bring surpluses of butter and dried milk powder under control.

The ministers agreed that when quotas are operated on a farm-by-farm basis, excess output would trigger the imposition of a punitive tax equal to 75 per cent of the EEC guaranteed price for milk.

Over-production in schemes organised on a dairy basis would bring a 100 per cent levy.

The UK chose the latter option because it is easier to administer and allows more flexibility in redistributing quotas between farmers.

Since the Brussels agreement, the Ministry of Agriculture has been consulting with farmers' organisations and the Milk Marketing Board on how to distribute the UK's production allocation among individual producers.

There were three broad options: 1981 output minus 1 per cent: the average of outputs in 1981, 1982 and 1983; or 1983 output minus 9 per cent. All these formulas include a reserve quantity to deal with special hardship cases.

Mr Jopling's choice of 1983 minus 9 per cent is likely to be criticised for being too generous to the British producers who contributed most to the over-production problems which have forced the EEC to impose quotas.

# AGB set for television ratings battle in U.S.

**Raymond Snoddy reports on a British challenge to Nielsen – the world's largest market research company – on its home ground**

THE BRITISH company AGB Research is to seek to challenge A.C. Nielsen of the U.S. – the world's largest market research company – in measuring American television ratings.

AGB Research, which is quoted on the London Stock Exchange and claims to be the largest market research group in Europe, is to start trials this autumn in Boston of its People Meter – a computerised device which it says shows not just that the television set is switched on, but that people are actually watching.

The trials will involve 400 homes and already 12 of the top 20 U.S. advertising agencies and two of the networks, CBS and ABC, are contributing to the cost of about $1m (£0.7m) in addition to that of the equipment.

If the test goes well, AGB says it will set up a national U.S. panel based on 5,000–7,000 metered households for less than half the $30m a year which it claims Nielsen charges the networks for its own service based on 1,700 homes.

AGB's People Meter has already had preliminary skirmishes with Nielsen in international markets such as Italy, Hong Kong and West Germany. "Now for the first time we are carrying the battle to Nielsen in America," Mr Bernard Audley, chairman of AGB Research, says.

With the People Meter, each member of a household has his or her own remote-control device, which is pressed at the start and finish of viewing to record the watching patterns. It is backed up by an electronic diary in which viewers record what they have seen with a light pencil applied to photo-receptors.

A computer assesses the data overnight and by 8am next morning it can be available, by viewdata, on the screens of television chiefs or advertisers.

Nielsen relies on a "black box" which reveals to which channel a set is switched. Details of audience composition come later from a panel which keeps a written record of its week's viewing.

Mr Audley claims that the People Meter gives more accurate and detailed information. "For the first time we are starting to measure the audience in the kind of detail advertisers need for proper marketing," he says.

Nielsen is unimpressed. "We have been around a long time and we are not going to go away," the company said from its corporate headquarters in Northbrook, Illinois.

It hints that the British may be underestimating the complexity of U.S. television – there are more than 8,000 cable stations, over 1,000 other stations and four time zones.

Nielsen is also not convinced that viewers will keep on pressing their buttons. But just in case, the company has already tried out its own version of a people meter in Tampa, Florida, and is installing another 150 across the U.S. for a national trial.

# Newspaper cash plea to unions

Financial Times Reporter

MR CLIVE THORNTON, chairman of Mirror Newspapers, publishers of the Daily Mirror and Sunday Mirror, said yesterday that he hoped that trade unions could raise up to £20m needed to establish a printing plant for publication of a new left-wing daily newspaper.

"They, through their banking operations, could well assist us in raising the money," he said. "It could well bring in all of it, and I see no reason why it should not.

"I would much rather raise the money this way, if it has to be raised, because they have a common interest with us in the development of printing," he added.

The idea of a new paper came after talk of the possibility of a new printing plant in Manchester. Unions would be partners in the project if they helped to raise the finance.

The Mirror group envisages a serious politically-left tabloid newspaper for which a circulation of about 500,000 copies a day "would make money." Mr Thornton said the idea was commercially sound. "I would not do it unless it made money," he said.

Both the Daily Mirror and Sunday Mirror have traditionally supported the Labour Party in Britain.

There have been strong calls within the Trades Union Congress (TUC) in recent years for the establishment of a paper dedicated to the Left to offset what they see as the right-wing bias of papers produced in Fleet Street.

Last year the TUC allocated funds for a feasibility study on the production of a national left-wing newspaper.

# Britain lags in funding for industrial research

BY DAVID HELLIER

THE UK economy faces inevitable decline if exploitation of technology is not given higher priority, according to Mr Oscar Roith, a chief engineer and scientist in the Department of Trade and Industry.

He said that a comparison of seven countries had shown that, apart from Canada, Britain ranked lowest in its government support for research and development (R&D) in industry.

The British Government spent a total of $1.1bn on R&D support to industry in 1981, compared with a total of $0.7bn by Canada and the U.S.'s $4.4bn contribution to research in industry.

Mr Roith said that in 1981 the U.S. spent 66 per cent of its total R&D budget on defence and space procurement, while Japan spent 7 per cent.

Spending on education and science was 52 per cent in Japan and 42 per cent in West Germany.

The U.S. and UK ranked lowest in general support for industry, spending 12 per cent and 17 per cent respectively, while Canada and Italy spent 50 per cent and 47 per cent.

Mr Roith told the Royal Society of Arts and Manufacturers that the Government had an important role to play in sponsoring science and in creating "an environment which rewards enterprise and facilitates the acceptance and application of new technologies."

He said that the UK public was ready to accept technological change. "Unfortunately, for a variety of reasons, our institutions do not show this flexibility and it is perhaps in this area we have to address the most effort."

Mr Roith gave a warning that although international co-operation in technology was essential, governments and companies ought to tread warily. International co-operation was beneficial only when the sharing of new research was genuine and wholehearted, he said.

Mr Roith said that for the UK successfully to recognise the growing importance of technology, the Government would have to take account of:

- The need to be aware of the influence of science and technology on government policies at national and international level;
- The need for a change in attitude in favour of technology, starting within the education system;
- More government consideration in important technological decisions;
- The need for a balance between wealth creation, international competitiveness, safety, environmental protection and resource conservation.



INTERNATIONAL GUIDE TO THE ARTS
every Friday in the Financial Times

# TECHNOLOGY

EDITED BY ALAN CANE

CANDU NUCLEAR REACTORS FACE COSTLY REPAIR

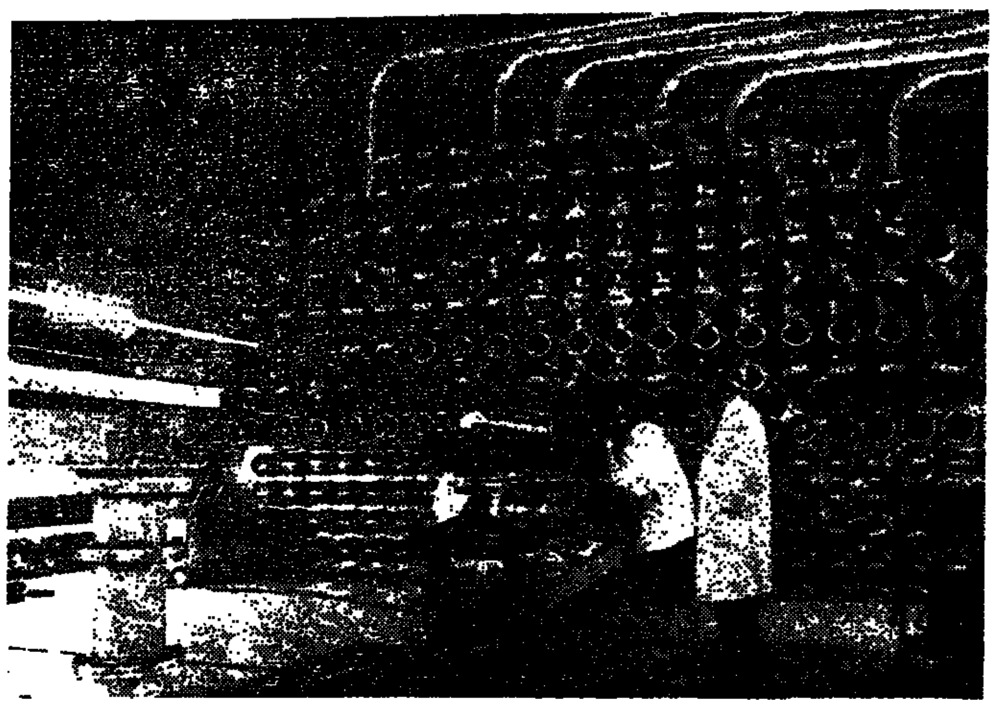
## Why pressure tubes are cracking up

BY DAVID FISHLOCK, SCIENCE EDITOR

ONTARIO Hydro, Canada's premier electricity company, announced last month that the pressure tubes in Canada's first two commercial Candu reactors are to be replaced, at a cost to the utility of C$736m, including the cost of replacing their low-cost power over the next three years.

The pressure tube—in effect, a long, slender pressure vessel —is one of the most critical components in this type of reactor. The decision to replace 390 pressure tubes in each reactor follows the discovery last summer of a crack about 2 metres long in one tube in Pickering unit 2.

Initial hopes that the huge rupture might prove to be an isolated failure of quality control on the part of Atomic Energy of Canada Limited (AECL), the state-owned company which designed and built the nuclear steam supply systems, were soon dashed. Analysis by AECL at its Chalk River laboratories suggested that the material used for the pressure tubes of the first two of the Pickering station's four reactors, Zircaloy-2, was unduly susceptible to embrittlement by hydrogen.



Inserting a horizontal pressure tube in a Candu reactor

Other factors, notably that the pressure tube had sagged enough by the mid-1970s to come into contact with the surrounding calandria, increased the susceptibility of the tube that failed. A line of blisters of solid zirconium hydride was found to be the start of the crack.

Both AECL and Ontario Hydro are anxious to stress that the tube replacement operation concerns only the first two of the commercial Candu reactors. Later models, including another six units at the Pickering station near Toronto, and eight more at the Bruce station, are tubed with a zirconium-niobium alloy, less susceptible to embrittlement. Retubing will be done with this alloy, first adopted in 1967.

AECL always assumed in its reactor design that the pressure tube might fail, although not catastrophically. It assumed that a tube would leak before breaking, giving ample warning to operators. It designed the reactor so that a leaking tube could be replaced.

In fact, the leak was a "fast fracture," so large that heavy water coolant poured from the pressure tube at the rate of 17kg per second, and escaped from the fuel channel through failures in bellows at each end.

But AECL had demonstrated in the 1960s on the experimental NPD version of Candu, that they could "quite easily change pressure tubes," says Mr Lorne McConnell, a vice-president of Ontario Hydro. Mr McConnell, one of the pioneers of Canadian nuclear power, was himself station manager of the NPD before joining Ontario in 1960.

Now McConnell, in charge of supply and services for Ontario, has also been made co-ordinator of a joint project with AECL to weigh the longer-term implications of the failure for Candu reactors.

For Ontario, the choice lay between replacing the cracked tube and others found by TV inspection to be blistered, and soldiering on for a few more years, then completely retubing these two reactors, or retubing the reactors now, says McConnell. But the utility knows that if it partly retubed now, the Government's nuclear inspectors would restrict output to 80 per cent of design output.

The Candu reactors have demonstrated exceptionally good performance compared with other thermal generation systems, including rival reactors. "They are so damned cheap, it really shows up when you have to burn coal in lieu," McConnell says. The Ontario board finally decided last month to retube the reactors now and restore them to full power, virtually as new reactors, by late 1986-87.

Another factor in that decision is that, when tubes do fail — and Ontario has so far replaced about 70 pressure tubes in its Candu reactors—it takes about three months to replace them. The engineers estimate that as many as one-third of the tubes in the two shut-down reactors may have sagged into contact with the calandria, and thus be ripe for failure.

Ontario's chairman, Mr Milan Nastich, says that when more than about 50 tubes have to be replaced, as seems likely, it makes more sense to tool up for wholesale replacement by remotely controlled means. The plan is to start replacement using the proven semi-automatic method, but switch as soon as possible to robot methods, still being intensively developed with AECL. By these means the operation will be done from outside the reactor hall.

From the standpoint of radiation dosage for maintenance staff, Mr Nastich says the two reactors will have been shut down for long enough to present comparatively few problems for the semi-automatic method but further decontamination will first be done. This autumn the heavy water in the reactors will be drained and the reactors flushed to remove traces of tritium.

By 1985, they should be ready to start replacing tubes, Mr McConnell says. He hopes to have the first retubed Candu back on-load by July 1986.

AECL, although not party to the retubing decision, has a keen interest not only as Candu's designer but as Ontario's partner in the first two Pickering units. For these two alone, it participated as the federal government's shareholder in a three-way split of costs with the utility and the Ontario Government.

The partners agreed to share operating profits for these two reactors, worked out by a formula based on a comparison with Ontario's Lambton coal-fired units of the same size and built at the same time. The deal has been worth about Can$30m a year to AECL in recent years.

## History lessons for the video disc

Video & Film

By JOHN CHITTOCK

HISTORY has a habit of repeating itself. With RCA having just announced its withdrawal from video disc player manufacture, some may recall that we have been here before — in fact, in 1979 when the Telefunken video disc system went into a decline for reasons not greatly different from those confronting RCA.

Even in 1981 RCA had an uncertain future. The short history of this business has demonstrated that superior technology will outlive the simplest systems. RCA's mechanical CED system is indeed simple compared to the optical LaserVision disc. And, indeed, Telefunken's mechanical system was even simpler alongside RCA's; as was the world's first television system (again mechanical) demonstrated by Baird and quickly superseded by EMI's electronic technology.

In the face of a thriving market in videocassette recorders, RCA — like Telefunken in the 1970s — only stood a chance if its programme material was so cheap and so different as to offer real consumer benefits alongside the VCR. Or, as this column also noted in 1981, "the public will buy video disc players only when they discover the unique nature of these systems — which herald a medium as different from television as the word processor is to the rubber stamp."

Too late, perhaps, RCA began to discover the probability of this, and were disadvantaged by having a technology not really capable of exploiting the video disc as can its LaserVision and VHD rivals. If a consumer product has no perceivable benefits over others which perform the same job the marketing men have clearly got an uphill task.

In the case of the RCA disc system, in the absence of a sophisticated interactive facility — and programs to go with it — only price could offer attractions to the consumer. And this certainly was an angle pursued ruthlessly by RCA, with CED discs in the U.S. selling for only $19.98 against LaserVision's $29.95 and a typical pre-recorded videocassette at $39.95.

In the UK, however, RCA could not have been cheered by the Philips' decision to reduce its cheapest LaserVision player to £229, just £30 above the Hitachi version of RCA's system.

The gloom about future prospects for the video disc has been seldom deeper, heightened not only by RCA's decision but general views of the retail trade both in UK and the U.S.

Yet the despair may be still ill-founded. Although Hitachi says that it intends to continue to sell CED players in the UK, the video disc market has now virtually settled down into a two-cornered contest — viz between VHD and LaserVision.

With JVC and Thorn EMI behind VHD, and Philips, Pioneer and Sony supporting LaserVision, at least one common factor is now emerging. They all seem to agree, at last, that the availability of a different kind of programming is essential for the success of video discs.

Unfortunately RCA confused this philosophy at first by achieving some success in the early sales of movies on discs — and by building up an impressive catalogue of Hollywood films. But as dealers in the U.S. have found to their cost, a substantial player base is needed to support disc turnover — and the greatest loyalty in player purchase comes from those who recognise the very virtues which have not been promoted.

Thus LaserVision is firmly establishing itself in the educational and industrial market. Numerous networks exist in the U.S. (and at least three magazines on the subject). In the UK, IBM is installing a network of LaserVision players at computer dealers; Mothercare has done likewise in retail shops, Mediadisc has equipped leading advertising agencies, and Lloyds Bank has decided to use the same technology as a company video network. The Open University likewise seems certain to adopt video discs as a way of distributing programmes to students.

With the technology thus establishing a firm and dependable base in the less fickle areas of education and industry, the real virtues of the video disc may start to spill back into the consumer market. One example of this comes in a joint Philips and BBC Video project for parents — a laser disc on the subject *Helping Your Child to Read*. Perhaps not coincidentally, this has been produced by the BBC Open University, and it underlines the point that the disc may have more in common with the book than with television.

Such a programme, through which parents can take a child step by step, is just the kind of thing needed to open the eyes of the consumer.

Interacting video, and moving picture programmes which the viewer can control in non-linear sequences—such as flicking through a picture book—can still put the video disc into the consumer leagues tables. At last Philips recognises this and plans many more programmes of this type—as well as doubling the current titles range of 420 before the end of the year.

The video disc player can and probably will co-exist with the VCR, a complementary consumer product. The bigger unresolved question, now with RCA out of the way, is whether there is room for two rival systems—viz LaserVision and VHD.

Although the latter—an electro-capacitance system — has made great technical strides since its introduction, in the long term it cannot match the development potential of the optical technology. Yet JVC has the support of Thorn EMI in their VHD system, and that support carries a very strong expertise in programme making. Philips has very little creative input to back up their programme efforts and has just lost a key executive to Thorn EMI—Mr Paul Bradley, who was the sole UK Philips man experienced in interactive disc projects.

It all begins to shape up for a final battle not over hardware, but programming. The system which can put the most resources, skill and creative innovation into video disc programming may well turn out to be the survivor.



Integration

## Voice and data

ICL AND the Edinburgh Regional Computing Centre (ERCC) have joined forces in a £900,000 project to evaluate standards for the integration of voice and data across various kinds of network.

The project will run for two years and is being part funded by the Department of Trade and Industry (DTI). A major part of the study will be to produce material for draft standards and exhaustively test agreed standards for "open systems interconnection" as defined by the "intercept" strategy of the DTI.

A mixed high speed local area network will be established at Edinburgh University so that in-depth loading performance and analysis can be conducted. The network will be based on ICL's 10 megabit per second open systems LAN (local area network) and will contain ICL mainframe computers, DEC VAX machines, an ICL telephone exchange, a prototype voice server to digitise voice messages, and a laser printer. More on 01-788 7272.

Computers

## Polaroid's entry

POLAROID, the instant photography company, is entering the personal computer market by selling Digital Equipment products. Both companies will jointly market the Rainbow personal computer, Polaroid's palette computer image recorder and compatible software.

Called the "personal presentation system," it allows graphic images to be created on the computer and converted to a photographic image.

# APPOINTMENTS

## Changes at Neepsend

Mr Stanley L. Speight, chairman of NEEPSEND has relinquished part of his duties to Mr Frank B. Wright who becomes managing director. Mr Speight will continue as executive chairman until March 31 1985 when he hopes to relinquish full-time executive duties. Mr Wright has been a main board director since April 1979. There have also been changes at Neepsend's wholly-owned subsidiaries, Slack, Sellars and Co and Rotobroach. Mr Jack Clift, who joined the former on January 1, has been appointed director and general manager in succession to Mr A. T. Carter, who has retired. Mr Ralph Stych has joined Rotabroach and will assume duties of director and general manager on July 1. Mr D. F. Birt, the present director and general manager is due to retire in 1985.

COUNTY BANK has made the following appointments: at County Bank Investment Management, Mr Jonathan Cohen becomes a non-executive director, Mr Paul Allen, Ms Angela Richardson-Bunbury and Mr Roger Todd, directors. At CB International Investments Mr Barry Melton has been appointed a director.

★

Semperit AG, the Austrian-based group, has appointed Mr Frank S. Welton as managing director SEMPERIT (UK). Mr Welton joined in 1981 as director, tyre division.

★

Mr Peter Beaumont has been appointed managing director of COLT CAR COMPANY. He previously held the position of divisional managing director of the company for eight months up to August 1983.

Mr P. F. Earlam has been appointed to the board of ITALIAN GENERAL SHIPPING. He was with Elder Dempster Lines and chief executive of the UK/West Africa Lines. Italian General Shipping is part of Finmare—IRI Group.

★

INDEPENDENT COMPUTER ENGINEERING has appointed Mr Brian Johnson as executive chairman. He was managing director of N.M.W. Computers.

★

Three board appointments have been made by PARNALL & SONS. Mr Brian C. Tanner, who is appointed financial director, joined Parnalls in March 1983 after having previously been employed by Bath & Portland Group. Mr Tanner, who is also company secretary, retains responsibility for administrative affairs. Mr Ralph Griffiths has become director, George Parnall division, and Mr Robert G. Morris director of Tansad. Parnall & Sons is part of the General Electric Co.



### CONTRACTS

## Marconi wins £10m radio order

MARCONI COMMUNICATION SYSTEMS of Chelmsford has been selected to supply a complete radio communication system worth U.S.$15m (£10.5m) to the U.S. Navy. The contract covers delivery of radio equipment for the LHD-1, the first of a new class of amphibious landing assault ships under construction by Litton Systems Inc. The equipment will be a version of the ICS3 radios which have been fitted in 41 ships including those of the Royal Navy, Royal Netherlands Navy and Greek Navy.

★

MODERN ENGINEERING (BRISTOL) is supplying and erecting structural steelwork for an £800,000 steel project for British Nuclear Fuels at Sellafield, Cumbria. The project, for B215 Evaporator C Complex, comprises over 800 tonnes of fabricated treated steelwork, and is due for completion by the end of the year. A £350,000 order has been placed for the erection of a power store for Dairy Crest at Davidstow, Cornwall, involving about 400 tonnes of fabricated steelwork. Finally, the company is supplying and erecting over 200 tonnes of structural steelwork, worth £175,000, for the refurbishment of the Odeon Cinema, Bristol. Modern Engineering (Bristol) is a wholly-owned subsidiary of Modern Engineers of Bristol (Holdings).

# The recycling of Peterlee

**Tim Dickson chronicles a wallpaper company's route to the USM**

Trevor Barker: masterminded the merger

INVESTORS will have an opportunity soon to buy shares in the Morris Singer Foundry, noted for its famous castings for such internationally-renowned sculptors as Henry Moore, Jacob Epstein and Barbara Hepworth. This long-established UK sculpture foundry, which has been based at Basingstoke, in Hampshire, since 1968, is coming to the Unlisted Securities Market next month under the new name of William Morris Fine Arts.

But while the company's ability to carve out a Stock Market reputation for itself will depend on the prosperity of its foundry activities, of equal significance will be the future performance of its recently acquired subsidiary, Peterlee Wallpaper.

The story of County Durham-based Peterlee Wallpaper is in many ways an eloquent commentary on how the recession has forced vast chunks of British industry to cut back overheads, improve designs and sharpen up marketing.

The birth of Peterlee in 1980 after Berger Jenson and Nicholson had decided to close down its Arthur Johnson wallpaper manufacturing plants at Peterlee and Guiseley, near Leeds was described in the Financial Times on January 26 1982. In common with employees of many other threatened plants of big firms workers at Peterlee had refused to give in and after failing to persuade head office management to accept their "alternative" proposals they bravely opted to go it alone.

## Redundancy money

Significant sums of redundancy money were thrown into the kitty, financial support was secured from two major customers reluctant to see their supplies cut off, and additional equity was injected in early 1982 by individuals known to the company's chairman, Trevor Barker.

Peterlee's achievements since then have been impressive to say the least. Starting with 16 of the 108 who were made redundant, the workforce is now back up to around 65; the factory (which is now owned, not leased, and which has taken over a neighbouring unit) operates three shifts a day, seven days a week; and profits have leapt from £35,000 in year one to around £350,000 for calendar 1983.

A key figure in Peterlee's revival is 39-year-old managing director Tony Garrett, a design and marketing expert who was hired right from the beginning and who has been responsible for the day-to-day running of the business.

Garrett's twin strategies have been the familiar ones of keeping costs under tight control and (crucially) identifying a specific sector of the market and then attacking it.

"When we started many other companies seemed to be moving into co-ordinated collections and fabrics but we saw our opportunity at the lower end of the market. We felt that one or two areas were being badly neglected and that if we redesigned our products so that they looked nice as well as giving good value for money we were likely to do well. There is no reason why cheap products should look cheap."

Concentrating particularly on kitchen and bathroom designs and offering keen prices to hit the competition hard, Peterlee managed to turn out the same number of rolls in its first year as the original factory had done under its previous owners—but using just 20 per cent of the workforce.

"We have had to be very cost conscious," comments Garrett. "Originally I did most of the design work and selling myself. It wasn't just one man for one job, it's been one man for three or four jobs."

Significantly, Peterlee has pursued a broad range of independent retailers and independent merchandisers throughout the country to get its products to the end user. "We could have gone for really big volumes and signed up with the big multiples," explains Garrett, "but we did that in the old days and found that when you have all your eggs in a couple of baskets you eventually get squeezed on price." No Peterlee customer accounts for more than 7 per cent of sales and there are now 250 of them as far afield as Scotland and Cornwall.

If the company now has a good spread of outlets, its sales are nevertheless dependent on one major product range (6m rolls are planned for the current financial year). The recent merger with Morris Singer is expected to be of benefit here by introducing new designers to Peterlee; a new collection is already planned for launch in June. Garrett, however, cautions that expansion will be controlled. "We will look carefully for a gap and then try to exploit it better than everybody else."

The key architect of the merger and forthcoming flotation, meanwhile, is Trevor Barker, a former accountant-turned-businessman who also chairs the John Crowther Group of Huddersfield. Barker came into Peterlee early on at the suggestion of a fellow investor, and encouraged several private investors—including an elderly widow and a retired director of ICI—to join him in putting up capital.

A key factor in persuading them to subscribe for shares was the then Business Start-up scheme, since superseded by the Business Expansion scheme. Ironically these individuals never got the anticipated reliefs because they sold out last year to Barker and his private trusts before the five-year qualification period was up for eight times what they paid.

Barker later opened discussion with Hanover Grand, owners of the 130-year-old Morris Singer. This led to Peterlee, which is now bigger than Morris Singer, "reversing" into the foundry company earlier this year, paving the way for this month's debut on the USM. (The vehicle for the quotation will be Ceylon and Indian Planters Holdings, a "shell" company listed under Rule 163 (2). Its name will then be changed to William Morris Fine Arts.)

## Family link

Although the two operations will be run separately from a joint head office, Barker expects benefits of the merger to include better designs and better image at Peterlee, plus greater volumes and better administration at Morris Singer.

In view of the William Morris exhibition currently running at the Institute of Contemporary Arts in London, the timing of the issue looks perfect. But though the William Morris who merged with John Webb Singer's original business in the 1930s claimed descent from the great 19th-century decorator, poet and socialist, nobody today is sufficiently confident of his claim to promote the family link too ostentatiously.

But with all the great man's designs now out of copyright there was apparently no problem about using his name for the company.

# In brief . . .

**BERKSHIRE Enterprise Agency has launched a special "industrial lodgers" scheme in an effort to overcome an acute shortage of accommodation for start-ups. While a recent survey showed that more than 2m sq ft of offices and almost 1m sq ft of industrial and warehousing space were vacant in the county most of it is too expensive for small businesses or available only in large quantities.**

**The Agency's new plan is to find existing firms prepared to offer a home to a small firm as a type of "industrial lodger."**

**Explains director Roy Hale: "Any arrangement would be on a short-term basis so that the owner could regain possession of the space as quickly as needed. The Berkshire Enterprise Agency would also advise on the type of agreement required."**

**The Agency has already received several inquiries from would-be tenants but wants to hear from more companies with space available. At least one lodger has found a home. Details from Roy Hale on Reading 585715.**

•

**THE Co-operative Research Unit at the Open University has been awarded a £76,700 research grant by the Leverhulme Trust to study the development and performance of worker co-operatives in the UK.**

**Three or four new co-operatives are formed each week and the total increased from 75 in 1977 to more than 700 last year.**

**The Unit will try to pinpoint reasons why co-operatives succeed or fail and will look at strategies to promote them.**

•

**THE Government's Loan Guarantee Scheme should be retained but reformed, says the Confederation of British Industry.**

**"It would be a severe shock for small firms . . . if the whole idea of this new and experimental form of lending was jettisoned next month when your review is completed," Alan Stote, chairman of the CBI's Smaller Firms Council, argues in a letter to Norman Tebbitt, the Secretary of State for Trade and Industry.**

**Stote says the scheme has been "a relatively cheap form of job creation" but adds that there should be "a delicate rebalancing" of the terms. Given that the scheme had started in the depths of the recession, it was not surprising that losses had been extensive.**

Venture capital

# The limited appeal of taking funds offshore

VENTURE capitalists are in business to track down other people who are good innovators and good inventors. They do not often pioneer anything new themselves.

Managed Technology Investors (MTI), however, a relatively recent and little publicised UK venture capital fund which yesterday announced its first investment, appears to have achieved an important breakthrough.

For, unlike the vast majority of UK orientated venture capital funds which are typically registered as companies in offshore tax havens such as the Channel Islands and Bermuda, MTI has taken the unusual step of setting itself up as a UK limited partnership.

Launched last year, MTI boasts just three full-time executives at the moment. But its backers include a leading merchant bank, Morgan Grenfell, the mighty Prudential Assurance and PA International Consulting Services. Earlier this year it managed to attract several new supporters and increased funds under management from £5.5m to £9.1m without having made a single investment.

Dr Paul Castle, the chief executive, claims that the limited partnership structure is a "first" for a UK venture capital fund like MTI. More significantly, he believes that the set-up gives MTI several advantages over those which have decided to base themselves offshore, since it is less costly, less cumbersome, and (importantly) more "visible" for institutional investors and investee companies alike.

Venture capitalists in the United States, where state laws are adaptable to their needs, have long been familiar with the limited partnership structure. Typically a U.S. fund consists of a number of limited partners comprising institutional or private investors who supply the capital but whose liability is restricted to what they put up, and general partners who have unlimited liability but who are responsible for investing the money and monitoring companies in the portfolio.

In Britain, the relevant law is embodied in the 1907 Limited Partnerships Act, which is archaic, complex and seldom used by lawyers. As Castle points out: "The people who drew it up certainly didn't have investment vehicles in mind. And the average solicitor today is not familiar with the concept having probably studied it for just five minutes as part of his law degree."

Judging by MTI's experience, it would appear that closer inspection could pay handsome dividends.

Besides enjoying the advantage of limited liability, Castle points out that limited partners are more lightly taxed than investors in UK investment companies. "They are 'tax transparent'," he explains. In other words, all income and capital gains derived by the fund are subject to tax only when received by the limited partners. By contrast, UK-registered investment companies would have to pay capital gains tax before making any distribution to investors—who would themselves then be subject to their own tax liability. It is precisely because of this "double taxation" that most of MTI's rivals have gone offshore where tax regimes are less penal.

## Majority stakes

Castle says he also likes limited partnerships because they can take majority stakes in businesses without running into the problems faced by investment companies (namely consolidation and aggregation of subsidiaries for tax purposes). MTI intends to take advantage of this and will on occasions own more than 50 per cent of portfolio companies in pursuit of its avowed "hands on" investment management style.

He also points out that limited partners are barred by law from interfering in the management of the fund—which makes things easier for the general partners. Indeed, many U.S. venture capitalists maintain that this restriction on investors enabled many funds there to weather a poor climate in the early and mid-1970s. As a result, when some significant investment successes began to emerge towards the end of the decade new life was breathed into the venture capital industry.

Developing the limited partnership concept in the UK has not been without its headaches. The biggest drawback is that many pension funds and other potential investors are specifically excluded in their trust deeds from entering into a partnership. Moreover, the 1907 Act limits the number of partners in a limited partnership to a maximum of 20—a major restriction if pension fund trustees are nominated individuals rather than corporate trustees.

MTI has skilfully got round both these difficulties by setting up an Exempt Unit Trust and making it a single partner of the fund. As a result an extra £5m was raised from pension funds as part of the second financing this year. (Unit trusts do not, of course, pay capital gains tax.)

According to Castle the only disadvantage now is that the early tax losses which inevitably will arise in the partnership cannot be passed back to the investors. "This just means that we have to be very efficient with our running costs," he says. "But if all goes well it should be insignificant compared with the ultimate capital gains."

MTI's investors will obviously be hoping that the fund has got off to a good start with Fixit (Adhesives), a British company which has developed a process for the manufacture of double-sided adhesive tape. MTI has injected £300,000 for a majority stake and Dr Colin Wall, an executive manager of MTI has become the company's chairman and, in line with the fund's "pro-active" style, Joe Cormano, a chemical and marine engineer with experience in big companies such as Blue Circle and Hawker Siddeley, has been hired as chief executive.

While there are only two or three product lines at present, Castle sees tremendous applications for Fixit's tape in the medical and motor industries.

While Fixit's turnover is expected to double to £0.5m in 1983-84 it has nevertheless experienced the cash shortages of many growing companies. The drain on its resources was caused principally by repayments on loan capital supplied by ICFC (part of Investors in Industry) and the British Technology Group.

**Tim Dickson**

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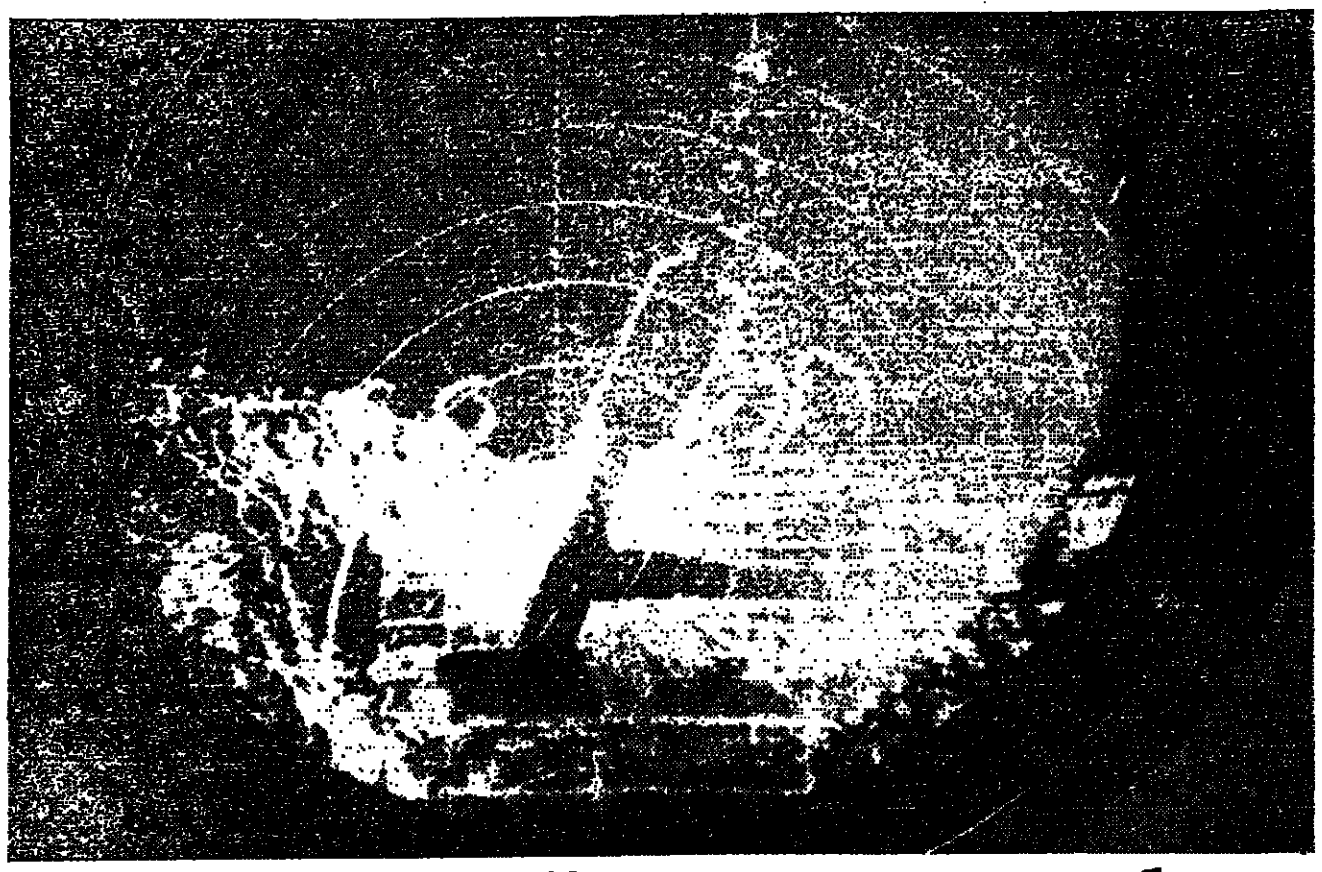



# FT COMMERCIAL LAW REPORTS

## Embassy account immune from execution

ALCOM LTD v REPUBLIC OF COLOMBIA AND OTHERS

House of Lords (Lord Diplock, Lord Fraser of Tullybelton, Lord Roskill, Lord Keith of Kinkel and Lord Templeman) April 12 1984

**A UK bank account maintained by a foreign embassy for the purpose of meeting its day-to-day running expenses, is immune from proceedings to enforce the embassy's judgment debt.**

The House of Lords so held when allowing an appeal by the Republic of Colombia and others from a Court of Appeal decision to freeze its London embassy's bank account pending payment of a judgment debt owed by the embassy to Alcom Ltd.

Section 3 of the State Immunity Act 1978 provides: "(1) A state is not immune as respects proceedings relating to (a) a commercial transaction ... (3) In this section 'commercial transaction' means (a) any contract for the supply of goods or services ... (c) any other transaction ... otherwise than in the exercise of sovereign authority."

Section 13: "... (2) ... (b) the property of a state shall not be subject to any process for the enforcement of a judgment ... (4) Subsection (2) (b) above does not prevent the issue of any process in respect of property which is for the time being in use or intended for use for commercial purposes ..."

Section 17: "... 'commercial purposes' means purposes of such transactions or activities as are mentioned in section 3 (3) above."

LORD DIPLOCK said that the Colombian diplomatic mission in the UK maintained an account at the London branch of a commercial bank, on which it drew for its day-to-day running expenses.

The question in the present appeal was whether the English court had jurisdiction in garnishee proceedings to order attachment of the account to satisfy a judgment debt.

Under Order 49 of the Rules of the Supreme Court a garnishee order operated to freeze a bank account to the extent of the specified amount. The grant of the order could gravely hamper and might temporarily prevent the day-to-day running of the diplomatic mission.

International law drew a distinction between claims arising out of a state's exercise of its sovereign authority (*jure imperii*), and those arising out of transactions which might be undertaken by private individuals (*jure gestionis*).

Under the "restrictive" theory of sovereign immunity, the jurisdiction of national courts was exercised over foreign states in claims against them that arose out of commercial transactions into which they had entered with private individuals.

*Trendtex Trading v Central Bank of Nigeria [1977] 1 QB 529* marked the definitive absorption of the restrictive theory by the English common law. The revised common law received the seal of approval from the House of Lords in *I Congreso [1983] 1 AC 244*.

So the distinction drawn by existing law, common law, and public international law alike, was between what a state did in the exercise of its sovereign authority and what it did in the course of commercial or trading activities. The former enjoyed immunity. The latter did not.

The functions of a diplomatic mission recognised in public international law were set out in article 3 of the Vienna Convention on Diplomatic Relations 1961. They included representing the sending state, protecting the interests of its nationals within the receiving state, and promoting friendly relations.

Article 25 of the Convention provided that the receiving state should "accord full facilities for the performance of the functions of the mission."

Transposed into its negative form, the receiving state must not act in such manner as to obstruct the mission in carrying out its functions.

In the *Philippine Republic case December 13 1977*, the German Constitutional Court rejected a judgment creditor's claim to distrain on the bank account which the Philippine mission maintained for its day-to-day running expenses. That case was closely parallel to the present, and the German court's reasoning was wholly convincing.

The State Immunity Act 1978 did not adopt the straightforward dichotomy between *acta jure imperii* and *acta jure gestionis* that had become a familiar doctrine in public international law.

Instead it restated in statutory form the general principle of absolute sovereign immunity, but made it subject to wide-reaching exceptions.

In creating those exceptions, the Act drew a clear distinction between the courts' adjudicative jurisdiction and their enforcement jurisdiction. Section 13 (3) made it clear that voluntary submission by a foreign state to the adjudicative jurisdiction did not of itself imply submission to the enforcement jurisdiction. Separate consent to that was needed.

Alcom relied on the definition of "commercial transaction" in section 3(3), as subjecting the embassy's bank account to the enforcement jurisdiction of the High Court.

The question was whether the debt fell within the Section 13 (4) description of "property which is ... in use or intended for use ... for commercial purposes."

If "commercial ... purposes" bore its ordinary and natural meaning in that context, a debt representing the mission's credit balance in a current account used for meeting day-to-day running expenses would fall outside the subsection.

Section 17(1), however, gave "commercial purposes" the extended meaning which took one back to the comprehensive definition of "commercial transaction" in section 3(3). Paragraph (a) referred to *any* contract for the supply of goods or services. Paragraph (c) specifically preserved immunity from adjudicative jurisdiction for transactions other than those referred to in (a) or (b). The appeal was not concerned with (b).

The decisive question was whether, in the context of the other provisions of the Act and against its public international law background, the words "property ... in use or intended for use for commercial purposes" in section 13(4), which appeared as an exception to a general immunity to the courts' enforcement jurisdiction, were apt to describe the debt represented by the credit balance of a current account kept with a commercial banker for the purpose of meeting expenditure incurred in the day-to-day running of a diplomatic mission.

Such expenditure would, no doubt, include some monies due under contract for the supply of goods or services to the mission. But the account would also be drawn upon to meet many other items of expenditure which fell outside even the extended definition of "commercial purposes" for which section 17(1) and section 3(3) provided.

The debt owed by the bank to the foreign sovereign state, and represented by the credit balance as a possible subject-matter of the courts' enforcement jurisdiction, was one and indivisible.

It was not susceptible of anticipatory dissection into the various uses to which monies drawn on it might be put.

Unless it could be shown by the judgment creditor who was seeking to attach the credit balance by garnishee proceedings that the account was earmarked solely for commercial transactions, it could not sensibly be brought within the exception for which section 13(4) provided.

The onus of proving that the credit balance fell within the exception lay on the judgment creditor. By section 13(6) of the Act the head of the mission's certificate that property was not in use or intended for use by or on behalf of the state for commercial purposes was sufficient evidence of that fact, unless the contrary were proved.

In the present case, the Colombian ambassador certified that the funds were "not in use nor intended for use for commercial purposes but only to meet the expenditure necessarily incurred in the day-to-day running of the diplomatic mission."

For the reasons given, that certificate was conclusive that the bank account fell outside section 13(4). The Republic of Colombia was therefore entitled to succeed in the appeal.

Lord Fraser, Lord Keith, Lord Roskill and Lord Templeman agreed.

*For Alcom: Richard Slowe (William T. Stockler).*

*For the embassy: Anthony Thompson QC and Timothy Saloman (Boodle Hatfield and Co).*

*Amicus curiae: Simon D. Brown and Professor Rosalyn Higgins (Director of Public Prosecutions).*

**By Rachel Davies**
*Barrister*






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General view of "Germinations": work by German, French and British students on show at the Royal College of Art

## Art competitions/William Packer

# A critic comes to judgment

Judge not, that ye be not judged: which is all very well but some of us have a living to earn. My week for once has not been taken up with visiting exhibitions, seeing the work as it hangs on the wall and, as may be supposed, as the artist would wish it to be seen; but I can hardly do as certain television critics (not our own) have done lately in their own field, which is to make a virtue of having seen nothing at all. Far from it, and in the four and a half days that followed last Monday's deadline I saw more than enough to keep me going for a very long time.

It all began quietly, indeed normally enough with a visit to the gallery of the Royal College of Art that Monday afternoon to catch, in the last few days of its too brief London showing, a touring exhibition with which I had been peculiarly involved at its earliest stage. "Germinations" was, is—for it now goes on to Lille—a collaborative and comparative survey of the work being done currently in the painting and sculpture schools of Britain, France and West Germany. Each contributing country was to make its own arrangements, write its own rules even, for the selection of the work, and who could say what would turn up. The German schools chose their own work themselves; the French put up a number of their recent first-class graduates; the British invited a nominated submission for selection: and so it was I found myself one lovely day last June closeted in a darkened room at the West Surrey College of Art in Farnham, with two distinguished artists for company and the prospect of several hundred slides before us.

The colleges had each been asked to propose three or four of their better students, and to represent them by no more than 10 slides or so, which proved to be requests rather less observed than breached. How could we bear to be so forbearing? but we were, and slogged our way through the lot to a final and absolute critical conclusion. Some colleges sent in but one; the Royal College allowed any interested student to submit, and some two dozen did—and so the day wore on.

It was an odd experience: between us we had long and continuing experience across a wide range of student work, and much that flashed before us we already knew, a particular advantage certainly, but an invaluable measure against which to set the less familiar. For a slide can be a most deceptive and unreliable article of evidence, now seductive, now hopelessly inadequate in its description, and always likely to emphasise imagery alone at the expense of surface quality, technique, subtlety, scale.

The nightmare was, of course, that what we had chosen at last would prove to be worse than we imagined, with nothing for it, when the show came round, to stand by that choice. Last Monday's visit, therefore, was at first an act of anxious duty and in the event, I am happy now to say, a considerable relief. This was no competition, but our method had produced a contribution to the show of a strength admitted by our French and German colleagues, which they would hope to match were this useful exercise to take place another time—an assertion safe enough for me to make now that the evidence has gone abroad.

For myself, I hope there is indeed another time, and would argue very strongly for a selection process that brought the work itself before the several juries for adjudication. The logistics of such an exercise are not insuperable but they are expensive, which ruled them out for this pilot run, set up as it was at such very short notice. The Henry Moore Foundation supported the British participation in what had been before, in 1982, only a Franco-German venture: should "Germinations" settle down as a regular and perhaps extended biennale, I can think of nothing more attractive to an imaginative sponsor.

Tuesday took me for the day to the National Portrait Gallery, for the first phase in the adjudication of the John Player Portrait Award, now it seems a fixture in the art calendar. Last year I had taken part in the final phases, choosing the work to be exhibited from the work that had been called in, and then picking out the winners: this year I agreed also to help in achieving that short list, which in the event meant sitting out yet another bright day in a darkened room, watching near 800 slides flash on the screen, twice, three times in a few cases. Slides are not only what I have said they are, but beastly, fiddly things besides, and to keep them in any order at all, let alone to keep pace with decisions as they are made and effect the necessary running rearrangement, is a considerable achievement in itself. The Gallery staff managed it all with apparent ease, to my gratified astonishment, and relief at the most straight-forward slide show on such a scale that I have ever enjoyed.

But my doubts about making such judgments on the evidence of slides are, if anything, confirmed, especially so as the sponsorship is conspicuously generous, and the major prize of £6,000 as valuable as any now given. Just under 600 paintings, which was the size of the submission, for all the difficulties their handling would entail, are rather a different proposition to the 2,500 that the John Moores or the Tolly Cobbold regularly receive for their open exhibitions.

And on Tuesday evening I took the 5.45 to Plymouth to join three painters and a dealer, my colleagues on the jury of the first TSWA: the National Open Art Exhibition that has been set up jointly by Television South West and South West Arts, the regional arts association. Two thousand four hundred assorted paintings and reliefs awaited us, filling a sizeable warehouse, and it would take two whole days to get through them all once, and a further day (we finished I think at about 8.30 on Friday evening) to pare our initial cull down to the 60 works of the show proper. We have not yet begun to think of the prizes, which we are to adjudicate in about three weeks' time.

It was a fascinating, disorienting, at times distressing experience, and full of surprises. An inordinate amount of bad, inept, awful work went through, much of it amateur, some evidently professional, reducing us at times as our nerves frayed, and our anxiety at what we would be left with increased, to a state of unwarrantable, defensive levity—much disapproved of, I must say, by the excellent team of handlers who had physically the most daunting task of all.

But there can be no real surprise in that balance of quality for it is in the nature of Art of all kinds that at any time there will always be more bad around than good, the excellent a very rare beast indeed. Nor was it even a surprise, that a great many known artists, that is to say known to us, did not send in—wait and see an understandable if not entirely admirable response to a generous enterprise such as this (six prizes of £2,000 to be won). Works that we did recognise, or could attribute with some confidence, did go through from time to time, however, and here lay the chief surprise: for repeatedly the case was that a good artist, perhaps even a colleague and close friend, had chosen to put in something that was at best indifferent. The handlers were scrupulous in frustrating our curiosity when we were not quite sure, but they can hardly have feared, after an hour or two, that special pleading would naturally sway any decision. The reverse, if anything, was true: that we were perhaps a shade too harsh on those we knew.

But these are all anxieties engendered more by the process than by the work at which we finally arrived. 40:1 are long enough odds; and if each of us may still have particular misgivings about what has slipped through at last, and regret certain casualties, we may all stand at least with some confidence by the body of the show we have chosen together. Our discussions were sometimes heated, our tastes, interests, sensibilities so very different, in emphasis or principle, our consensus yet peculiarly rounded and mutually acceptable.

## Montreal SO/Barbican Hall

**Dominic Gill**

L'Orchestre Symphonique de Montreal remind us that they have been called "the finest French orchestra in the world today." There is probably truth in that: for they are now, in their 50th anniversary year, a hugely accomplished band, in spirit and technical polish unarguably of world class.

Whether their Musical Director Charles Dutoit is the finest French conductor in the world today is perhaps more open to question (he is in any case Swiss by birth). But he knows his stuff—and well enough, in any case, in the right music, to draw from his players an unfailing high virtuoso gloss, and to show off at its most effective a wide and sparkling repertory of orchestral colour.

Effectiveness is above all Dutoit's quality: the account of Ravel's *Rhapsodie espanole* with which he opened the Montreal's programme on Sunday, clearly one of the orchestra's showpieces, was slick, colourful, expertly paced, and brilliantly effective. Even if it lacked some of the subtler shades and deeper-rippling currents, it was exceptionally good to hear.

The soloist in Prokofiev's third piano concerto was Martha Argerich—who took its shameless succession of banal and fabulous tunes up with her into the clouds, and beyond: a consummate, soaring display from which Dutoit needed only (as he did) to stand back and The finale was Berlioz's *Symphonie fantastique*, once more a characteristic and exceptionally well-drilled Montreal showpiece (their unanimity of attack, and especially of phrasing — they are a band who *listen* — put many better-known orchestras to shame). The *Valse* was not exactly sensuous, but vivid and exuberant; the *Scène aux champs* had a nice dewy, heartfelt gleam, and the march to the scaffold a fine rhythmic snap. Oddly, for all its splendid high-resolution musicagraphics, I wasn't greatly touched by the aura of the performance: but its effectiveness was not to be denied.

## Architecture/Gillian Darley

# The creative drive of Selfridge

There is an undeniable fascination about great department stores. They have been the stuff of novels and television series and suggest wonderful histories. Selfridges, in many ways the brashest and most ambitious store of those founded in the second half of the Victorian era and on into the Edwardian period, is celebrating its 75th anniversary with an exhibition (on the fourth floor until April 21) and the publication of a book by Gordon Honeycombe.

It was a parvenu among stores; Harrods had reached its diamond jubilee the year, 1909, that Selfridges opened, and the competition between the two was a constant race—with prizes. The figure of Gordon Selfridge is sketched with appropriate tact, but he was a man of gargantuan enterprise, and—it would seem from his surroundings and personal life—appetites. Among these large-scale dimensions to his character one might include his architectural taste.

Who was actually the architect for the completed Selfridges, a neo-classic hybrid in the Beaux-Arts manner, is a mystery. Equally mysterious is that there is no mention of Daniel Burnham in either exhibition or book. There were various schemes, one with more than a hint of St Pauls Cathedral about it, a vast cupola surmounting the building, and another, by Sir John Burnet Tait, in which the resemblances were closer to London University Senate House. The existing block, built at phenomenal speed between the autumn of 1908 and its opening in March 1909, was further added to in 1924 (the west end of the facade) and 1928 (completion of the centre, and entrances). The most remarkable of the interior fittings were, undoubtedly, the Gold Lifts—Art Deco masterpieces by Edgar Brandt and others which were removed in 1978. Sadly, it seems to be in the nature of department stores to constantly remodel and obscure their often remarkable interiors (the example of Harrods Food Halls is ever before us).

Selfridges in its early days was in the van of things. Bleriot's aeroplane was displayed on the groundfloor, the Sopwith Atlantic on the roof and John Logie Baird was paid £25 a week to transmit pictures from room to room, in 1925. Meanwhile Selfridge himself who set up Selfridges as a kind of retirement project when he was already a millionaire was pressing on. He had 29 lifts in all and the girl attendants wore a uniform of decidedly cabaret-turn description. The roof gardens were revamped and reopened in 1929 to splendid effect. For George V's Silver Jubilee in 1935 the store was transformed by William Willcott and Albert Millar (the American house architect) into a kind of Roman processional affair. The grandeur, almost megalomaniac, of Selfridge's ideas was leading inexorably to trouble. In October, 1939, he was forced to resign—or go bankrupt—since his personal finances and those of the store were tangled.

Somehow, it is the immense shadow of Gordon Selfridge that dominates the anniversary celebrations, rather than the architectural merits of the building (listed Grade II). One of Gordon Selfridge's innovations in the rather conservative world of London stores was the importance he gave to design. He felt that the window dressing, lighting of displays and an overall "house style"—including the Selfridge green which is still in use—was important in the establishment of his store as another British institution. Revolutions in staff relations and the organisation of merchandise, departments and publicity were all to shake the other stores into realisation of their shortcomings.

It is a remarkable story. The struggles to get the building designed and constructed on his chosen site would have been enough to defeat most men but Selfridge went on to revolutionise every corner of the business. Just one regret, as the inheritors of Selfridge's store celebrate his achievement, is that those admirable concerns with high quality design should have been so completely lost in the intervening period. The souvenirs on sale to mark the anniversary, the store's own design standards and the loss of all internal character in the building are all-too typical of the large department stores.

## Wilde Theatre opens at Bracknell

**Antony Thorncroft**

Despite all the talk of a new dark age for the arts, theatres are opening with reassuring regularity. The latest is the Wilde at South Hill Park in Bracknell. It is apparently the first in the country to commemorate Oscar, but his name was chosen with more relevance than that he be called one of his most famous characters after a small Berkshire village: he was known to visit Bosie at a Queensberry cottage close by the new theatre.

The theatre seats 400 and is constructed in the now fashionable tier style, as opposed to the receeding ramp favoured in the sixties. The aim is to re-create a cosy music hall atmosphere, with all the spectators close to the stage.

The theatre is attached to South Hill Park, an 18th century house which the New Town at Bracknell converted into an arts centre. It has prospered. The house is cramped for space and is mainly used for arts and crafts: there are a number of artists in residence who help out in the 160 courses a year.

For more ambitious events, like the annual jazz festival, the grounds of the house have been occupied. All told South Hill Park costs £1m a year to operate, but half the revenue comes from the box office. Local councils, the Arts Council and sponsors make good the difference.

The Wilde Theatre marks a coming of age for South Hill Park. It is in ideal area, the most prosperous part of the country, and industrial sponsors are already contributing £50,000 a year towards the funds. The site may be furtive, tucked away off a private housing estate, but the theatre already exudes an air of confidence and permanence.

The theatre opened last night with a very safe choice, *The Importance of Being Ernest*. But at least it is the theatre's own work and will move on to the Nuffield Southampton. As long as the actors enunciate the aphorisms clearly and the sets look elegant the play can hardly fail.

But familiarity also dulls its wit. You just can't adopt a new approach, especially after the definitive film version. (The National recently came a cropper toning down the affection). This production by John Gunman is workmanlike and quite acceptable. At least it makes you realise how unsympathetic all the characters are—the men more interested in muffins than in their broken engagements; the women insulated in their vanity. But nothing serious really gets in the way of this beautifully constructed play.

The men are well matched, and Mark Tandy's Jack, saturnine and angular, for once looks responsible enough to be entrusted with the guardianship of delightful Deborah Poplett's Cecily. Dilys Laye is Lady Bracknell and her approach is revolutionary: she plays her as a charming, if mercenary, lady. It makes nonsense of the Gorgonesque reactions of Jack and Miss Prism but adds to the happy atmosphere of this carefree production.

Future events at the Wilde are more adventurous, most notably Warsaw Opera in *Così Fan Tutte* and the Opera Factory with Tippett's *The Knot Garden* and Cavalli's *La Calisto*. In June Cambridge Opera is presenting *The Tales of Haffmann* and the rare *Dragon of Wantley*. The doors and floors were noisily creaking last week but the Wilde is an ambitious and welcome addition to the cutural life of the soft south.

## Beethoven/Festival Hall

**Max Loppert**

The third instalment, on Sunday, of the London Symphony Orchestra cycle of Beethoven concerts spread a feast of lustrous, well-blended orchestral and choral sound in a bill of fare skilfully combining familiar and less-familiar Beethoven. But for students of Beethoven interpretation it was a somewhat problematic occasion; for, most notably in the first half, there had to be recognised a clear dichotomy between the excellence of the sound-making and the blandness, even facelessness, of the music-making—and in Beethoven, most crucially among composers, the distinction is of the highest importance to the full experience.

Claudio Abbado's accounts of the third *Leonore* Overture and the Second Symphony seriously lacked the quality of surprise. In the overture, it seemed as though conductor and orchestra had lighted upon the most obvious view of each unfolding episode, and, with love, energy, and great sincerity, had determined upon polishing it up to the finest gloss of execution. Nothing obstructed that view, and no single glorious feature—of harmony, rhythmic patterning, or melodic detail—was freshly uncovered in it; a major big orchestra was heard to move with major expertise on a well-cleared and punctiliously prepared Beethoven path.

The lack, in the symphony, was more obviously instanced, because Beethoven's youthful invigoration of the Haydn classical tradition here includes the most lovably pawky brand of Beethovenian good humour—and in Abbado's hands it was carefully ironed out to unsmiling neatness. (A memory of the conductor's similarly smileless style of Rossini performance came several times to mind.) Rhythm plays perhaps the most important part in this ironing-out process — Abbado makes the delicious impingement of dance upon the codetta of the second movement, and the bracing cross-accenting in third and fourth, smooth and unstinging, lyrical in every part at the expense of genuine orchestral music-drama. Perhaps with a smaller orchestra, and with violins seated antiphonally in proper 18th-century style, blandness might have been at least a touch reduced.

This overall impression was itself reduced in the second half, because the rare items in it—the beautifully solemn late choral cantata *Calm Sea and Prosperous Voyage*, the tiny *Romanza cantabile* for piano, flute, bassoon and string orchestra—had been attended to with no less loving care, and the effect was noble. Maurizio Pollini, pianist in the *Romanza*, came back to join the LSO Chorus for a grandly powerful Choral Fantasia: even if Pollini's high-mettled playing sometimes seems in Beethoven the soloistic equivalent of Abbado's conducting, the work came over with most of its special elation cleanly surveyed. But perhaps the high point of the concert was Elizabeth Connells wonderfully passionate yet chaste singing of "Ah perfido!"—on this showing the soprano has become a classical artist of rare strength and purity of style.

## Anton Dolin ballet gala

The ballet world will pay tribute to Sir Anton Dolin at a gala on Sunday June 24 in the Royal Opera House, Covent Garden, in the presence of Prince and Princess Michael of Kent. Among those who have agreed to appear are Natalia Makarova, Lynn Seymour, Noella Pontois, Marcia Haydee, Ghislaine Thesmar, Antoinette Sibley, Carla Fracci, Lis Jeppeson, Magali Messac, Galina Samsova, Elaine MacDonald, and Vladimir Derevianko, Anthony Dowell, Patrick Dupond, Stephen Jefferies, Alan Bates, Elaine Page, Alain Dubreuil, Richard Cragun, Ben van Cauwenbergh, William Pizzuto, Wayne Sleep, and Kumiko Maeda, while Sir Kenneth MacMillan will create a pas de deux for Alessandra Ferri and David Wall especially for the occasion.

The gala will be in aid of theatrical and dance charities—it was Sir Anton's wish that his life's work might be celebrated in this way—and has been devised by Nadia Nerina, and will be produced by Donald Saddler. A leaflet giving details of the performance is available from the Royal Opera House, Covent Garden.

## 'Pack of Lies' cast changes

*Pack of Lies* by Hugh Whitemore which opened at the Lyric Theatre, Shaftesbury Avenue on October 26 1983 will have four cast changes from Monday May 7. Mary Miller will play Barbara, Joss Ackland will play Stewart, Deborah Farrington (Julie) and Janette Foggo (Thelma).

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 13–19

## Opera and Ballet

**VIENNA**

Britten's Albert Herring with Peter Baillie in the title role, at the Volksoper. (5324/2657).

Giselle choreographed by Alicia Alonso with Lily Jacob-Scheuerman, Ludwig Karl and the Vienna State Opera Ballet, at the Volksoper.

**LONDON**

**Royal Opera**, Covent Garden: Most of the week is taken up with another series of Midland Bank Proms, of which the operatic provision comprises the new production of I Capuleti e i Montecchi, an unsuspected Bellini triumph for the house and for Riccardo Muti as conductor and Agnes Baltsa as Romeo; Zeffirelli's ancient, near-decrepit production of Rigoletto revived as a vehicle for Sherrill Milnes' first London performances of the title role; and an interestingly cast Cosi fan tutte – Elizabeth Connell, Ann Murray, Lillian Watson, Francisco Araiza, Benjamin Luxon, and Rolando Panerai form a sextet entirely new to the house, and the pianist Christoph Eschenbach makes his British opera-conducting debut. (240 1066).

**Sadler's Wells**, Rosebery Avenue: The Sadler's Wells Royal Ballet precedes performances of Giselle with a new ballet by Jennifer Jackson. (278 8916).

**English National Opera**, Coliseum: Verdi's Sicilian Vespers, one of his middle-period operas grievously neglected up to now, comes to the ENO in a John Dexter production (Borrowed from Paris), with a cast led by Kenneth Collins, Rosalind Plowright, and Neil Howlett; Mark Elder conducts. Further performances of Der Rosenkavalier, with Josephine Barstow's first showing as the Marschallin; and of War and Peace, the company's much-praised Prokofiev spectacular, returned in bright, energetic form. (836 3161).

**WEST GERMANY**

**Frankfurt, Opera**: Madame Butterfly has June Card in the title role. Berlioz' rarely played Die Trojaner is again added to the programme. The production by Ruth Berghaus the controversial East German producer, was highly acclaimed. Ein Maskenball is worth a visit starring Mara Zampieri and Luis Lima. Die lustige Witwe is a well done repertoire performance.

**Cologne Opera**: There was much applause for Jean-Pierre Ponnelle's new production of Carmen, which follows the original version. Kathleen Kuhlmann in the title role and Josef Protschka as Don José were excellent in their parts. Don Pasquale has fine interpretations by Janice Hall and Ulrich Hielscher.

**Berlin, Deutsche Oper**: Der Fliegende Holländer is offered this week with Donald McIntyre in the title role. Der Troubadour, sung in Italian, is conducted by Herbert von Karajan. Aida has a complete new cast with Natalia Troitskaya making her debut in the title role and Giorgio Lamberti as Radames. Further performances are La Bohème and The Magic Flute.

**Hamburg, Staatsoper**: Der Troubadour highlights the week with Piero Capuccilli and Elena Obratsova in the main parts. Fidelio is steered to triumph by Gwyneth Jones, famous for her performance of Leonore and Manfred Jung brilliant as Florestan. Der Barbier von Sevilla has Alicia Nafe excelling in the part of Rosina. Die Meistersinger von Nürnberg is perfectly cast with Hans Sotin, Kurt Moll and Robert Schunk.

**Munich, Bayerische Staatsoper**: Orpheus und Eurydike is of respectable standard with Cornelia Wulkopf, Lucia Popp and Julia Kaufmann. Parsifal brings together Wagner specialist Eva Randova as Kundry and Martti Talvela. Francesco Cilea's rarely played Adriana Lecouvreur is a new production by John Copley. There was much applause for outstanding Margaret Price, Marga Schiml and Neil Shicoff. Simon Boccanegra features star singers Mirella Freni, Martti Talvela and Wolfgang Brendel.

**Stuttgart, Württembergisches Staatstheater**: Philip Glass' opera Echnaton composed for the Stuttgart Opera and premiered on March 24 is produced by Achim Freyer. Countertenor Paul Esswood in the role of Pharaoh is outstanding in a cast of high standard. Further performances are Iphigenie auf Tauris, also produced by Achim Freyer, and Die Kluge.

**ITALY**

**Milan**: Teatro Alla Scala: La Strada – choreography by Mario Pistoni and music by Nino Rota. Splendidly danced by Carla Fracci. The second part of the programme is Leoncavallo's I Pagliacci – Franco Zeffirelli's production. (809126).

**Venice**: Gran Teatro la Fenice (Teatro Malibran): Bellini's La Sonnambula conducted by Roberto Cecconi. (25191).

**Verona**: Teatro Filarmonica: A new interpretation of the story of Manon Lescaut by Daniel François Esprit Auber, conducted by Jean-Pierre Marty. Spettacolo di Balletti with the Corps de Ballet of the Arena di Verona (22880).

**Turin**: Teatro Regio: Donizetti's early opera: Ajo Nell'imbarazzo with Luciana Serra and Alessandro Corbelli (Sun and Wed) (588000).

**PARIS**

**Claude Debussy's** La Damoiselle Elue inspired by Rosetti's The Blessed Damozel in a double-billing with Purcell's Dido and Aeneas in a new production with Jessye Norman as Dido, Christine Barbaux, Veronique Dietchy as Belinda and William Stone as Aeneas, with Jean-Claude Casadesus conducting, at the Opera Comique-Salle Favart. (296 0611)

**Marco Spada** alternates with Jules Massenet's Werther, conducted by Georges Pretre with Alfredo Kraus in the title role and Gino Quilico as Albert, in the Florence Teatro Communale production at the Paris Opera. (742 5750)

**Serapion's Theater**: Double and Paradise – an unexpected Austrian spectacle full of imagination at the Théâtre de Paris (280 0930).

**NEW YORK**

**Metropolitan Opera** (Opera House): David Atherton conducts Billy Budd with Dale Duesing in the title role Richard Cassilly as Captain Vere and James Morris as Claggart. James Levine conducts Don Carlos, with Monserrat Caballé and Tatiana Troyanos. The week also features Gian Carlo Menotti's production of Manon Lescaut. Lincoln Center (580 9830)

### Young Washington

**The eighth annual Imagination Celebration at Washington's Kennedy Center features the Metropolitan Opera Ballet in Cinderella. The two-week festival, intended to interest children in all the arts, will also have the Emerson Stage of Boston, Grand Foyer performances of school choirs from around the U.S. and the Performing Arts Repertory Theater of New York's production of a biographical musical, The Amazing Einstein.**

**With more than 50 performances, the self-proclaimed National Children's Arts Festival reaches beyond the confines of the Kennedy Center with live Saturday morning broadcasts of Children's Radio Theater doing productions of award winning plays by young people.**

**This year, arrangements have been made to export the festival to 22 venues in nine states centred on a touring production of Maggie Magalita, commissioned for the 1980 Imagination Celebration. A bilingual play by Wendy Kesselman, it explores the lives of an immigrant grandmother and her Americanised granddaughter. The festival culminates in the Family Fun Fest on Easter Sunday afternoon with entertainment for audience participation. Kennedy Center (254 3600); outside Washington (800 424 8504).**

**Frank Lipsius**

### Echnaton in Stuttgart

**Philip Glass's opera Echnaton, composed for the Stuttgart Opera and premiered on March 24, is a deliberate break from the American tradition, not only in its choice of the young Egyptian Pharaoh as main figure but also in the corresponding use of African and Asian musical forms. It is produced by Achim Freyer; Dennis Russell Davies conducts well; and Paul Esswood, the counter-tenor as Pharaoh, is outstanding in a cast which includes Milagro Vargas, Maria Husmann, Wolfgang Probat and Cornelius Hauptmann. Stuttgart, Württembergisches Staatstheater.**

## Baumeister Solness / Munich

**Ronald Holloway**

Peter Zadek's production of Ibsen's *Baumeister Solness* (The Master Builder) at the Residenztheater in Munich has enjoyed a longevity that is rare in German theatre repertory. Since its premier in the Bavarian capital late in last year's season, it has not only proven to be a nonstop box-office attraction at home but has also been performed in the very theatre where it will soon appear as part of the German-language Berliner Theatertreffer: Kurt Hübner's Freie Volksbühne in West Berlin.

A play considered by directors to be difficult to stage, Baumeister Solness in Zadek's hands runs at a galloping pace and carries its audience along on spoken text alone without extra gimmicks. It has diction and gesture and old-fashioned stage presence that spellbinds, amounting to a complete turnabout for a director who dearly loves his flashy, against-the-grain staging of the classics.

Halvard Solness, the master builder of consuming energy and spiritual torment, is ready made for the talents of Michael Rehberg, and it is he who almost single-handedly gives the production its drive and polish. Barbara Sukowa as Hilda Wangel interprets her role in the person of a flighty, neurotic vamp fatefully chosen to hound a troubled conscience to its own proud self-destruction, although that is only part of the dramatist's full story. Another outstanding performance is given by Annemarie Düringer, whose Aline Solness needs only a brace of precise gestures to bridge the gap in the final act to a tragedy of personal human loss.

*Baumeister Solness* has a grandiose theme. This indispensable staging challenge is met with flair by set designer Götz Löpelmann, with a magnanimous use of space and three separate backdrops to capture the atmosphere of a spacious studio, a roomy mansion and a broad verandah that seems to stretch to the foot of an Alpine peak.

Besides the four Munich theatre productions invited to the Berlin festival, others to be presented there are Peter Stein's *Three Sisters* and Klaus Michael Grüber's Chekhov variation, titled *An der grossen Strasse*, at the Schaubühne am Lehninerplatz; Robert Wilson's *The Civil Wars* (Schauspiel Köln) which he directed himself; Rudolf Noelte's production of Gerhart Hauptmann's *Michael Kramer* (Thalia Theater, Hamburg), Harald Clemen's production of Chekhov's *Uncle Vanya* (Nationaltheater, Mannheim); Reinhild Hoffmann's dance-evening, *Callas* (Bremer Tanztheater); and four productions from the Bochumer Schauspielhaus: Claus Peymann's productions of Shakespeare's A Winter's Tale and Thomas Bernhard's *Der Schein trügt*

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# Time for new Gatt round

PROTECTED Japanese farmers will lose out to protected American farmers as a result of the latest arm-wrestling contest between trading superpowers. A recent agreement between Washington and Tokyo entitles the U.S. gradually to raise its shipments of beef and oranges to Japan over the next four years: the annual quota on beef will nearly double, to 58,400 metric tons, while that on oranges will rise by just over half to 126,000 tons.

Japan's concession, painfully extracted, was hailed in Washington as a victory for the U.S. that will help the Administration keep a protectionist Congress at bay. It will have been secretly welcomed in Tokyo by the more internationalist politicians and businessmen who are embarrassed by the power of Japan's fierce agriculture lobby. Meanwhile, the Australians are complaining that their dominant share of Japan's beef imports will be severely squeezed by the deal.

That a few tons of beef and oranges should create such political excitement is a sad reflection on the state of international trading relations. It is further evidence that the world trading system is degenerating into a web of bilateral, "reciprocal" arrangements covering everything from carbon steel to canvas shoes.

The way to stop the rot, according to the U.S. and Japan, is for the 90 signatory countries of the General Agreement on Tariffs and Trade (Gatt) to embark on another round of multilateral trade negotiations, taking up the unfinished business of the Tokyo Round of 1973-79 and tackling the issues of the Nineties like trade in services and high technology.

### Broader arguments

Japan's enthusiasm for a multilateral negotiation is understandable, since she is the country most hemmed in by "voluntary" bilateral restraints on her major export goods like motor cars and consumer electronics. The U.S. is more interested in opening the world to financial services, technological expertise and direct investment—areas in which she sees her own future lying.

There are broader arguments for starting a negotiating round. Economic recovery may not be enough to dismantle the trade barriers that recession has thrown up.

Political leaders may need the prospect of a liberalising negotiation as a reason for continuing to resist domestic lobbies. The developing nations need to be integrated into the system, securing permanent access for their goods in the developed world, perhaps in return for progressive easing of their own import controls. The Gatt itself needs moral—if not material — reinforcement in order to halt and cut back the advancing jungle of voluntary export restraints and such major derogations from its principles as the MultiFibre Arrangement.

The agenda should include not only the new areas in which developed countries perceive an interest. Old issues, like the code on subsidies, trade in agriculture, government procurement and the Gatt "safeguards" clause, all need to be tackled.

Reactions to the U.S.-Japanese initiative have ranged from muted to hostile so far. The EEC is finding it hard to assent so long as France and Italy take their present line. The newly-industrialising countries are suspicious of the American agenda and fear that the aim is to force them into the full Gatt discipline too quickly. The Gatt secretariat is afraid that premature political initiative will scotch chances of a pre-negotiation consensus, and the talks about talks will become an excuse for avoiding anti-protectionist action.

This November the annual Gatt meeting will review progress on work commissioned by the Ministerial session in 1982. The next president of the U.S. will only just have been elected. It looks, therefore, as if a new round cannot be launched before 1985, nor concluded before the end of the decade. It will take at least two years to draw up an agenda that has sufficient support among 90 nations to hold out any hope of success.

In other words, the time to start preparing for the next Gatt round is now—but with one caveat. Governments can only demonstrate the sincerity of their commitment to further trade liberalisation by sticking to the present rules, however imperfect or inconvenient. If they continue to abuse the spirit of the Gatt, if they fail to turn the tide of protectionism today, then there will be little point in talking about tomorrow.

# The institutions and Reuters

NEXT month's flotation of Reuters on the stock market is threatened with what amounts to a boycott by many of the biggest pension funds and insurance companies. This is because of the failure to comply with the requirements of these institutional investors in respect of Reuters' share voting structure.

Over the years the investment protection committees of the pension funds and insurance companies have fought long and determined battles against restrictive voting structures which permit, one way or another, minority shareholders to cling on to a majority of the voting power.

The institutions have pointed out, with some force, that it is an important principle for votes to be commensurate with financial commitment. If one share/one vote were not the ruling philosophy, the institutional case committees would find it very hard to carry out their wider economic obligations by intervening in the affairs of troubled companies.

Nevertheless the institutions have been willing to make allowances for special cases in which there is a recognised argument for protecting companies against hostile takeover. Several companies recently privatised by the Government, such as Britoil, have used the device of the "golden share," a single share which can outvote all the others in clearly defined circumstances. This can be used to block a takeover, while allowing free votes in most situations on matters like the composition of the board of directors and the development of corporate strategy.

### Compensatory powers

Such a share—called in this instance a Founders Share—has indeed been created by Reuters, and on its own would have been acceptable to the institutional investors. But Reuters did not think this was enough. The company has adopted a belt-and-braces approach, by additionally setting up A and B share categories so that the representative bodies of the newspaper proprietors will have majority voting powers through control of the A shares.

The listed B shares will represent nearly three-quarters of the company's equity capital, but will carry little if any power to influence Reuters' policies, though there will be certain compensatory powers to elect non-executive directors.

This is a sticking point for the institutions. In the past Reuters has often been a loss-making enterprise, operated for motives which were other than strictly commercial, and there is every reason to fear that changes in technology or competition might one day again cause a reversal of its fortunes, however bright the foreseeable future might appear. The long-term institutions are rightly concerned that they would have no power in any future crisis to push Reuters on to a more commercial course.

Equally, the trustees and directors of Reuters appear to be determined that there could be no interference in the provision of Reuters' traditional news agency services, the principles of which were enshrined in the 1941 Reuter Trust and have now been updated.

It is provided, *inter alia*, that Reuters shall pay due regard to the many interests which it serves in addition to those of the media; but that no effort shall be spared to expand and develop Reuters' services so as to maintain its leading position in the international news and information business.

Proposals to split the news agency side of Reuters away from the rapidly expanding financial information activity were said to have been impracticable. In retrospect, it is a pity that Reuters did not pursue this route with greater determination. It would have tackled the root of the problem: that the company, and its proprietors, are seeking to capitalise on a quasi-public service in the absence of any public system of regulation.

The institutions are right to conclude that there is an issue of principle at stake. The sponsors of the Reuters flotation, for their part, must accept that their decision has a cost: they are restricting the potential market for their shares, and will therefore be able to sell fewer shares for a lower sum than would otherwise have been possible. It is important to be sure that other companies, often driven by less public-spirited motives than Reuters, will not be able to treat the issue as a precedent and open up a new wave of offerings of voteless equity.

## LATIN AMERICAN DEBT

IT SEEMED like a lucky case of poacher turned gamekeeper last month when four of the largest debtors in Latin America, led by Mexico, dipped into their own pockets to make sure Argentina paid its debts.

Yet in the two weeks that have elapsed since Mexico combined with Brazil, Colombia and Venezuela to lend $300m to the Government of President Raul Alfonsin, it has become clear that a new feeling of unease pervades the banking community over the future direction of the developing country debt problem. Even bankers without the benefit of a classical education are summoning up Virgil's famous line about fearing Greeks "even when bearing gifts" as they ponder the real motivation behind the Mexican initiative.

For the Mexican plan to help Argentina, about which even senior bankers were kept in the dark until the last minute, marks the first time since the debt crisis started that a group of debtors has seized the initiative from commercial banks.

In the process, the reluctance of banks to let debt problems affect their published profits has been exposed as a deep-seated neurosis. And the 11 leading creditor banks which make up the Argentine steering committee on rescheduling have had to go back on their previous tough line of refusing to lend until a full letter of intent to the International Monetary Fund was on the table. Together they put $100m into the package.

This loan was secured by Argentine deposits at the Federal Reserve, while another $100m came directly from Argentina's own reserves.

It is this aspect of the package that has raised the most eyebrows in the banking community. By acting when it did, Mexico helped Argentina to circumvent the authority of the IMF and the banks. Does this mean that the balance of bargaining power will shift permanently in favour of the debtors from now on? And if so, could the whole crisis, which until recently seemed to be abating, once again get out of hand?

The answer to these questions is still by no means clear. The Mexican initiative had some positive aspects for lenders as well as borrowers. It was only put together after Dr Raul Prebisch, Argentina's Presidential Economic Adviser, agreed on basic economic targets with the IMF. Dr Prebisch is a former executive secretary of the UN Economic Commission for Latin America and the Caribbean with a long-established reputation for tough bargaining attitudes towards industrial countries.

The Latin countries which lent to Argentina now have a vested interest in seeing these targets enshrined in a formal letter of intent. None of them want to see their own painful progress towards economic adjustment undermined by the intransigence of a wayward Argentina, which has the third largest foreign debt in the region.

Thus far the interests of lenders and borrowers converge. But in the psychological power-play that has always marked debt negotiations, the borrowers have dealt themselves a powerful hand. Mexico, Brazil, Colombia and Venezuela can rightly claim to have used their meagre resources to get the banks off a nasty hook in Argentina.

If Argentina's debt talks with the bank now go badly, these governments can turn to the banks and tell them in their turn not to rock the boat. That could mean Argentina winning important concessions on its debts that the others would quickly seek to match.

Key players in the drama: (left to right) Sr Bernardo Grinspun, Argentina's Economy Minister; Sr Jesus Silva Herzog, Mexico's Finance Minister; and Prof. Antonio Delfim Netto, Brazil's Planning Minister.

# Now the borrowers try to seize the initiative

By Peter Montagnon, Euromarkets Correspondent

**MAJOR COMMERCIAL BANK RESCHEDULINGS 1983/4**

| | | Amount rescheduled‡ | Margin + Libor | Margin + Prime | Maturity years | New loan | Margin + Libor | Margin + Prime | Maturity years |
|---|---|---|---|---|---|---|---|---|---|
| Argentina* | 1983 | 7bn | 2¼ | 2 | 7 | 1.5bn | 2¼ | 2⅛ | 4½ |
| | 1984 | — | — | — | — | — | — | — | — |
| Brazil | 1983 | 4.8bn | 2¼ | 1⅞ | 8 | 4.4bn | 2¼ | 1⅞ | 8 |
| | 1984 | 5.35bn | 2 | 1¾ | 9 | 6.5bn | 2 | 1¾ | 9 |
| Chile | 1983 | 1.1bn | 2¼ | 2 | 7 | 1.3bn | 2¼ | 2⅛ | 7 |
| | 1984 | 1bn | 2⅛ | 2 | 7 | 780m | 1⅝ | 1½ | 9 |
| Mexico | 1983 | | | | | 5bn | 2¼ | 2⅛ | 6 |
| | 1984 | 23bn | 1⅞ | 1½ | 8 | 3.8bn | 1½ | 1⅛ | 10 |
| Peru | 1983 | 380m | 2¼ | 2 | 8 | 450m | 2¼ | 2 | 8 |
| | 1984 | 1.5bn† | 1¾ | 1½ | 9 | not requested | | | |

* Most of the rescheduling still unsigned; only $500m drawn on loan.
† Covers debt falling due up till end July 1985.
‡ Covers amount of medium-term debt rescheduled; excludes short-term debt extension.
*Source: IMF and FT estimates*

All this is happening at a time when debtors generally are becoming more strident. With this country in the middle of syndicating a new $780m loan from banks, Chile's new Finance Minister, Sr Luis Escobar, has said he wants to redefine details of his country's programme with the IMF.

The IMF itself has delayed final approval of Peru's programme after its finance minister, Sr Carlos Rodriguez-Pastor, resigned amid widespread claims that IMF austerity was too harsh.

But Argentina is different in almost every respect. Self-sufficient in energy and food, it is just about the only country in Latin America which could manage for any length of time without external financial support.

Since last December's election, the new government of President Raul Alfonsin has emitted a series of highly contradictory signals about its willingness to reach agreement on its foreign debt. As a result, creditors are confused and uncertain about the country's basic political will for economic reform.

Now Argentina wants to take a very radical step which would put it in the vanguard of countries seeking better treatment on their debts. It has told its bankers that it wants to renegotiate the terms of the $7bn rescheduling agreement concluded last year by the former military regime. It wants the maturity extended beyond 1990 and the interest margins reduced from their agreed level of 2¼ per cent over eurodollar rates or 2 per cent over prime.

This is a very bitter pill to swallow. It goes against the banks' long-established principle that such agreements cannot be unwound, and bankers fear that by making concessions to Argentina they would be opening the door to similar treatment for other borrowers too.

In this they may be right. Last December Mexico threatened to reopen its 1983/4 rescheduling agreement in a ploy to gain better terms on its new $3.8bn loan from commercial banks.

Prof Antonio Delfim Netto, Brazil's Planning Minister, is also following Argentina's progress closely. "Banks know that people who are doing better must receive at least the same treatment as people who are doing worse," he says, in a scarcely veiled hint that Brazil would seek to match concessions won by its economically less successful neighbour.

With hindsight it is not surprising that debtors are now becoming more demanding. When the crisis broke in 1982 the coffers were bare. If their economies were to function at all, they had no choice but to knuckle down to IMF austerity for the sake of day-to-day survival.

Now things are looking up. The immediate sense of crisis has passed; most debtor nations have a surplus on their foreign trade, and most have rebuilt depleted foreign exchange reserves. Suddenly they find they can flex their muscles and stand up to creditor demands. They are beginning to count the cost and look for ways of reviving their recession-ridden economies.

According to the U.S. bank Morgan Guaranty Trust, the seven largest borrowers in Latin America last year recorded a surplus of $30bn on their foreign trade. But it was achieved only through a savage cut in imports which fell 42 per cent below their level of 1981. Worse still, much of the surplus has had to be used to pay interest to commercial banks whose new loans no longer cover interest due. The World Bank calculates that net payments by developing countries to commercial banks totalled $12bn last year. Two years earlier they had received net inward transfers of $16bn.

Already banks have made some concessions to the borrowers on this score. This year's new scheduling packages bear lower interest margins than before—those on Mexico's $3.8bn loan were cut by up to a full percentage point.

However, rising dollar interest rates have more than wiped out these gains. Prof Delfim Netto reckons that the higher rates would cost Brazil about $600m if they held for a full year. "We can live with higher rates, but it gives us a very uncomfortable feeling. It's unfair. It could ruin all the efforts we have made," he says.

This year the cost of paying interest will still be high even as a proportion of export earnings. Brazil faces a debt service ratio of 40 per cent according to the Organisation for Economic Co-operation and Development. For Mexico the figure is 35 per cent and for Argentina 44 per cent even without taking arrears into account. These figures are all way above the developing country mean of 14 per cent and imply a continuing need for outside borrowing.

Brazil has already arranged a $6.5bn loan to cover this year's needs. Next year it will also need fresh funds, though in substantially lower amounts. Mexico is seeking $3.8bn. It hopes it will need no more next year, although it will still have to reschedule $8.7bn of maturing public sector debt. Argentina may need more than $3bn this year together with a multi-billion dollar rescheduling (its books are now in such total disarray that no one knows the exact amount).

Among other major debtors only Peru is seeking no new money this year. Chile has asked for $780m. Next year the amount could be cut to about $300m, officials say, although maturing debt will still have to be rescheduled.

To cut debt service costs in any meaningful way, banks need to reduce interest margins not just on new debt but on existing debt as well. That has never been tried before, but Argentina's attempt to renegotiate last year's agreements marks a first step in this direction. If it succeeds banks will have come much closer to a global approach to restructuring in which they look at a country's entire debt stock instead of loans that just happen to be falling due.

Quite apart from the fact that this would dent their profits, senior bankers see trouble ahead if they are forced into such far-reaching concessions.

The mood of smaller banks is growing less patient daily. After two years of frustration with Argentina they are not inclined to give much away.

Even last year's $6.5bn loan for Brazil was put together against a backdrop of fears that the monetary system might not survive its failure. Such fears have abated now, making it harder to dragoon recalcitrant smaller banks into reschedulings for which they anyway display little taste. Whatever its scope, the new package now being negotiated for Argentina could be the hardest one yet to sell in the marketplace.

It will be an uphill struggle for leading banks to reconcile this problem with the new assertive demands being made by borrowers. For the time being those involved with Argentina are hoping that they can persuade Sr Bernardo Grinspun, Economy Minister, to tone down demands for better terms on last year's agreement.

This leaves leading banks in a vicious squeeze, and it is small comfort to them to realise that Sr Grinspun is squeezed as well. Inflation in Argentina is now running at 480 per cent a year. The IMF programme is bound to involve cuts in real wages similar to those already imposed in Mexico and Brazil.

It is hard to see how an electorate which is already showing signs of disenchantment with the new government will swallow that unless the blow is softened by concessions from the banks. And that is where pressure on the banks from other Latin American countries could now play a crucial role.

With their dramatic intervention at the end of March Mexico, Brazil, Colombia and Venezuela have shown they want to preserve a negotiated approach to solving the debt problem. "Here is a cartel that organised itself to pay, not to not pay," said Sr Jesus Silva Herzog, Mexico's Finance Minister.

But borrowers now seem more likely to offer payment on their terms rather than those of the banks or even the IMF. As a result, the debt problem has become less predictable than before and choppy waters may now lie ahead.

## New leadership steels union

A man who has never worked in a steel mill in his life—and a Canadian to boot—is to lead America's steelworkers as they face their most serious post-war challenge.

Lynn Williams beat Frank McKee, the union treasurer, in an acrimonious campaign for the presidency, by pulling together a coalition of the Canadian workforce and two of the U.S. industry's most militant areas in Chicago and the Ohio Valley.

Toronto-born Williams's election means that the two largest industrial unions in the U.S.—the auto and steelworkers—have changed leadership within the past 18 months.

It also gives Walter Mondale another firm supporter in his bid for the Democratic presidential nomination. Williams is a long-standing political friend of the former Vice President, and is pushing hard to raise the number of his union's delegates to the party convention from six last time round to 100 this year.

Like Owen Bieber at the United Auto Workers, Williams is a product of the union bureaucracy which has gradually taken over from the shop floor warriors who established the modern movement in the 1930s.

A large question mark hangs over the ability of this generation of comfortably-off executives to repeat the successes of their forerunners, though during his years as an organiser in Canada, Williams gained a reputation for aggression and energy, and doubled union membership.

At the ag of 59, he now faces a greater challenge. The membership of the United Steelworkers of America has slumped sharply during the last four years, from 1.4m to 750,000. And the pick-up in the North American economy is not expected to bring back many of the jobs that have been lost.

Declining revenues are undermining the union organisation. Staff has been cut and the union has been unable to make any impact on the new mini-mills which are taking an increasing share of the steel market and invariably employ non-union labour.

Williams is proposing a mixture of protectionist and industrial policy initiatives to put a new floor under the industry and jobs.

His policies have gained broad endorsement from Mondale. But with profits still under pressure and further restructuring in the pipeline, Williams will be hard put even to win back some of the wage concessions which the union made a year ago to help the industry.

# Men and Matters

## Shrewd judge

Sir Robert Megarry, Vice-Chancellor of the Chancery Division of the High Court, has a reputation for being a legalistic and semantically pedantic judge.

His ruling in the mineworkers' pension case suggests that he is not without a shrewd political awareness.

He was asked by the National Coal Board to give directions about the way Arthur Scargill, Mick McGahey and other miners' leaders should behave as trustees of the fund.

He declined to do so. "It may help," he said, "if the court refrains from giving directions or making any coercive orders, and remains in the background."

Instead, he said, he would make declarations about what the legal duties of trustees were.

The effect of that decision is that if Scargill and his colleagues do not fulfil those legal duties once the court has told them what they are, the court will be able to exercise its powers to remove them as trustees of the fund.

Result: no martyrdom.

Conversely, if the judge had given directions or made orders, which had then been disobeyed, it would have been a case of contempt of court, with the real possibility of the miners' leaders being fined or even jailed.

Result: Martyrdom and an outcry about political courts.

## That golden gate

Advice for aspiring bankers: go west young man or woman.

Midland Bank has a problem with its San Francisco-based subsidiary, Crocker National Corporation and Crocker National Bank. Crocker has reported a first quarter loss of $120.8m.

The key to Midland's strategy to put Crocker back into the black is the appointment of a new man as president of the corporation, and chairman of the Crocker bank—as well as being chief officer of each.

The man who has got the job, Frank Cahouet, the former chief financial officer of Security Pacific Corporation, is being paid around $540,000 a year.

"That salary is in line with the job," said a Crocker official from whom I invited comment as he arrived at his desk at 7 am San Francisco time yesterday.

Sunny San Francisco evidently has certain advantages for bankers over chilly London—apart from the early hours, that is.

Midland's chairman Sir Donald Barron was paid £79,500 last year, the highest-paid director received £94,534, and the highest paid employee between £60,000 and £65,000.

## Call to mind

Not until Sir George Jefferson moved in as chairman three years ago did British Telecom seem to recognise that it had such things as customers.

Though BT may still find it impossible to keep all those customers happy all of the time, Jefferson counts the organisation's new approach to the market as one of his most satisfying successes.

He took a few minutes off yesterday from the complex preparations for BT's record £4bn flotation to practise what he preaches about customer relations by taking a call from the Isles of Scilly to open a new automatic exchange there.

It is less than 50 years ago that anybody telephoning the islands had to send a postcard two days in advance to warn the person he was ringing to go in the Post Office to take the call.

The new facilities—installed at a cost of £700 per head of population—obviously delighted the islanders. Local council chairman William Mumford's only regret was that Jefferson could not shift the islands 10 miles nearer the mainland and so give them cheaper rates.

Jefferson may be moving mountains but . . .

## Moore tipped

Perhaps the food industry has been swayed by the old precept that an army marches on its stomach.

Anyway Major-General Sir Jeremy Moore is being tipped as the next director-general of the Food Manufacturers' Federation which represents some 70 per cent of all the food manufacturers in Britain.

Moore, aged 55, and newly-retired from the army, was commander land forces in the Falklands campaign two years ago He retired last year after a spell at the Ministry of Defence.

Cyril Coffin, who has been director-general of the federation for the last seven years, retires in June at 65.

Moore's interests until now have been in music rather than food. Although he admits his only performing ability is on a gramophone he was at one period in his career commandant of the Royal Marines' School of Music.

**Observer**

# Letters to the Editor

## Investment in U.K. industry

*From Mr D. R. Glynn.*

Sir,—Could I make three comments on Mr Kaletsky's interesting article (April 11)?

1—He says that "the amount of capital required to produce a single unit of output is much higher in Britain than it is in other countries. This suggests that British businesses are just as inefficient in the way they employ their capital as their labour." Not really: output is produced by a mixture of labour and capital, and such comparisons cannot tell us whether "labour" or "capital" is being used inefficiently in the production process.

2—The argument that reducing investment incentives will reduce unemployment by encouraging relatively labour intensive production is probably not consistent with the ideas not used in the Chancellor's Budget speech but accepted by some of his supporters—that we may be close to a NAIRU (non-accelerating-inflation rate of unemployment) determined by labour markets.

If a reduction in unemployment by means of more labour-intensive methods of production can be achieved without causing inflation, should not the same be true of a reduction in unemployment resulting from faster economic growth?

3—The Chancellor's argument that UK profitability has been low because the tax system has encouraged low-yielding investment must be very partial. Other relevant factors have included the rate of cost inflation, the exchange rate, and the recession.

D. R. Glynn,
*Chief economist,*
*Peat Marwick Mitchell & Co.*
*1, Puddle Dock, EC4.*

*From Mr David Brooks*

Sir,—Mr Kaletsky (April 11) shows the UK to be over-capitalised compared with other nations measured by capital per unit of output and plant per worker.

This is no surprise to anyone who has understood corporate tax from Barber to Lawson, throughout which period no Chancellor seems to have understood that it is not the tool which matter so much as the efficiency with which they are used.

Corporation tax, especially for proprietary companies, is a tax on efficiency in that the harder the company works and the more efficient and frugal it is the more tax it pays. Corporation tax should be called Efficiency Tax (ET).

We stopped voting Conservative when Messrs Heath and Barber increased ET overnight by 25 per cent from 40 per cent to 50 per cent. However, subsequently, with capital allowances, so long as all profits were put back into British companies ET could be avoided.

This became so widespread that "less than 5 per cent of active companies pay corporation tax in any year and they account for 85 per cent of total yield" (Green Paper on CT).

Accordingly, for many companies this year's Budget will by 1986 increase the tax on efficiency from nil to 35 per cent. With a third of reward for extra effort to be taken to give to non-profit earners (trade and industry received about £8bn last year) can we really expect the drive for improved efficiency to be maintained?

The Government has still not understood that it should not tax good performance, and that for successful proprietary companies this Budget is the most harmful for a very long time.

David Brooks.
*245 Whitehorse Road,*
*Croydon.*

*From Mr Martin E. Simons*

Sir,—Those who study manufacturing performance in the UK and other leading economies are indebted to Mr Anatole Kaletsky's thought-provoking article (April 11). The suggestion that the value of net fixed assets per worker in 1980 was substantially higher in the UK than in West Germany and that it was ahead of the U.S. is difficult to reconcile with practical reality, and in view of UK overmanning at that time, and with figures gleaned from the 1982 accounts of international chemical companies.

| | Gross fixed assets per employee £ | net fixed assets per employee £ | net as per cent of gross |
|---|---|---|---|
| Dow | 98,000 | 50,000 | 51 |
| BP Chem'ls ex Sohio | 64,000 | 37,000 | 58 |
| Du Pont Chemicals | 62,000 | 23,000 | 37 |
| BASF | 53,000 | 14,000 | 26 |
| ICI | 46,000 | 25,000 | 54 |
| Bayer | 38,000 | 12,000 | 32 |
| Hoechst | na | 11,000 | na |

Based on average opening and closing figures and excluding capital work in progress except for Du Pont, and 1982 average exchange rates.

While Shell does not publish employee numbers, chemicals net fixed assets represented 64 per cent of gross fixed assets, much like Exxon Chemicals and double the percentages for BASF and Bayer.

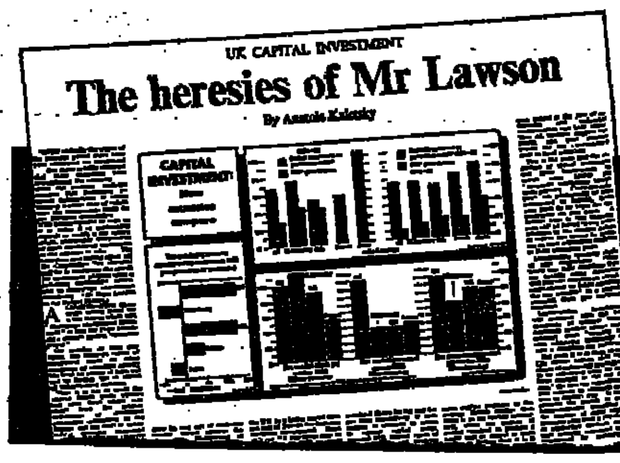
The product structure of each group has a bearing on the magnitude of assets per employee, and net figures especially are much dependent on recent capital expenditure and the rate at which assets have been depreciated over many years. There are, however, clear indications that the German chemical industry has depreciated its assets rapidly.

While major German chemical companies now show modest net fixed assets per employee, this should not lead to the unwarranted suggestion that the British industry uses more fixed assets per employee. Similar comments could be made for other industrial sectors.

One is left wondering whether the OECD statistics referred to in Mr Kaletsky's article, have sufficiently taken into consideration differing national accounting mores.

Any profitability comparison between U.S., German and British industry must take account of the cumulative impact of depreciation policies applied over many years. Companies which have underdepreciated their assets in the past may now be more profitable than their accounts appear to indicate, while the reverse applies to those who have in effect built up secret reserves.

Martin E. Simons.
*34, Granard Avenue, SW15.*




## Industry Year 1986

*From Professor Keith MacMillan*

Sir,—The announcement that 1986 has been designated "Industry Year" by the RSA (April 13) prompts consideration of what individual companies can do themselves to improve public attitudes towards industry. Will it be sufficient to rely on the efforts of the RSA, CBI, Government and trade associations?

These bodies can provide publicity; they can speak about industry and even make the case *for* industry. But unless the campaign is supported throughout industry itself, by what industry actually does, the message will be confined to the media. The only people who will listen will be those already on industry's side.

The message that needs to get through is that business, by its very nature, enhances community well-being. Business is good for the community, not so much because of its charitable donations or special community projects but because both parties to a business deal must benefit for it to be successful.

Business is all about doing deals. Deals are relationships between people, whether they are suppliers, customers, investors or employees. Good deals make the people involved feel better off. It is not so much good deeds that benefit society but rather good deals, the mainstream of business life.

The best companies know this and, in the U.S. and Japan at least, proclaim it constantly — to their managers, to their employees, to the world at large. They repeat the message so that they can never forget it and so that they are seen to stand or fall by it. It directs their attention, provides their priorities and helps them achieve their targets. In doing so they gain confidence in themselves, and others gain confidence in them.

People will have confidence in particular businesses rather than in industry as a whole, because "industry" has no specific identity. Representative organisations are not responsible for the actions of their member companies, nor can they take the credit for their successes.

It is the managers of individual businesses who establish the collective identity and reputation of industry; and it is individual businessmen who get industry a bad name.

It follows that to improve public attitudes towards industry, more publicity alone is not enough. It must be supported by the conduct of businessmen in their daily business lives. The public must come to believe that good conduct and personal integrity lead to business success. Businessmen must come to believe it too.

The primary audience must therefore be business leaders. They must endorse the message and ensure that their subordinates believe it and act accordingly. They must also censure publicly all behaviour by their peers which is not consistent with their belief.

Is this asking too much? If it is, then "Industry Year" is doomed to failure. It will simply be creating more noise and the public cannot be blamed if they cover their ears.

Keith MacMillan.
Professor of Management Studies,
*Henley Management College,*
*Henley-on-Thames, Oxon.*

*From G. N. F. Wyburd,*

Sir,—I would like to add an international dimension to your announcement on April 13 that that 1986 is to be designated "Industry Year."

If industry suffers from low social esteem, multinational industry has an even greater problem. In spite of the benefits we have as a nation, both through our own investments overseas and as a recipient of investment from other countries, multinational is a dirty word to far too many sincere people who have negative ideas about the power and behaviour of such companies and do not know enough about the positive benefits they bring.

The International Chamber of Commerce, of which ICC United Kingdom is the British affiliate, seeks to encourage international investment as essential to wealth-creation on a world scale. We welcome the initaitive of the Royal Society of Arts and look forward to the opportunities it will provide to increase recognition of the benefits brought by international business both to this country and the rest of the world.

G. N. F. Wyburd,
*Director,*
*ICC United Kingdom*
*Centre Point, WC1.*

## CAP and the countryside

*From Mr David Richards*

Sir,—Mr Nicholas Thornhill's letter (April 7), defending the Common Agricultural Policy on environmental grounds, contains logical inconsistencies.

If the prairies of the eastern counties are indeed a product only of "economic pressures and new techniques" why should the abandonment of present agricultural policy cause their extension? Has it been holding them back? Of course not, for it is one of Mr Thornhill's main arguments that government policy has actually extended the area under farming both arable and pasture.

One may also ask why the removal of government support should have opposite effects on arable and pasture—extending the one but contracting the other.

The one possibility Mr Thornhill overlooks in predicting the consequences of a return to world farm product prices is that farmers will adapt their output. Before 1939, farmers raised the crops and other produce that were economic under British conditions.

I do not share Mr Thornhill's view that maximising farm area is equivalent to maximising the beauty of the countryside. Nature Conservancy Council statistics indicate that the period of government induced farm expansion has also been the period of greatest erosion of the countryside's

David Richards.
*78 Parkfields Road,*
*Bridgend, Mid-Glamorgan.*

## Old buildings and VAT

*From Mr N. Jensen*

Sir,—Mr Wadsworth (March 27) mirrors exactly my own horror at the Chancellor's decision to alter from zero rating to exempt the sale of reconstructed or refurbished buildings. I can find no logic in the change, except that HM Customs and Excise will be saved the task of deciding whether the work on a particular building satisfies the "50 per cent test" for substantial reconstruction.

Sadly the Treasury has always failed to be impressed by the many voices calling for the smallest of concessions to help with the retention of our heritage in the form of our many and varied buildings. The changes proposed in Nigel Lawson's Budget will have the very opposite effect. We shall still be able to demolish a building without incurring VAT and likewise replace it with some modern structure, but do anything towards its retention and the full wrath of the Treasury in the form of 15 per cent VAT will fall upon you, unless of course you choose to use "cowboy" labour.

I am faced with just such a decision. My company is converting a group of farm buildings in the centre of a pretty Sussex village into five new dwellings. We shall barely have started work upon the small oast by June 1. Without the proposed VAT changes, it would have cost more to restore and convert the building than it would to construct a new building of similar size in its place. Now the costs will rise by a further 15 per cent. Short notice legislation of this type makes a nonsense of one's attempts at forward planning.

Did the Treasury really think this new proposal through?

N. C. Jensen.
*The Old Cottage,*
*Broadham Green,*
*Oxted, Surrey.*

## Tax proposals for controlled foreign companies

*From Mr Malcolm Gammie*

Sir,—Although many of your readers may no doubt wonder what more remains to be said about the tax proposals for controlled foreign companies, I would trouble them with one point, the importance of which I hope will become apparent.

In his Budget speech of March 15, 1983, Sir Geoffrey Howe announced that he proposed to introduce legislation on controlled foreign companies, taking into account the consultations that had previously taken place. The relevant clauses, having been delayed by the general election, are to be found in this year's Finance Bill.

In a Press release published on March 15, 1983, the Inland Revenue indicated that once the legislation had been enacted, it would publish a list of countries which would not be regarded as "low tax" countries for the purposes of the legislation. Companies resident in and carrying on business in those countries would accordingly fall outside the legislation.

The long and complex calculations to determine whether the company was indeed subject to a low tax régime could be forgotten. A UK company could plan its overseas business operations with certainty and without the concern that these wide-ranging provisions might unexpectedly apply to it.

A provisional list of countries was published at the same time as this announcement. The release stated that the fact that a company was resident in a country not on the list did not mean that it would be subject to the legislation, because it still had to be shown that the company was subject to a low tax régime and, even if it was, that it did not fall within one of the exemptions, including the so-called "motive" test.

There has been a wide measure of agreement among those who have made representations on the proposed legislation that so important a feature of it as the list of countries should be given statutory authority under the legislation rather than merely being announced through an Inland Revenue Press release. One suggestion has been to give statutory effect to the list through the statutory instrument procedure.

In his Budget statement of March 13 1984, the present Chancellor made no reference to controlled foreign companies. A Treasury press release issued on Budget day indicated, however, that the revised draft legislation published by the Inland Revenue on October 31 1983 would be incorporated in the Bill to take effect from April 6 1984. On March 29 1984, on publication of the Finance Bill, the Inland Revenue issued a new press release, updating the earlier provisional list of countries, and while still making the same statement regarding countries *not* included in the list, it included a note which is designed to "clarify" the basis on which the list had been drawn up.

It does not appear that there is any intention at this stage to give statutory effect to the list. Furthermore, the clarification in fact represents a change to the previously stated purpose of the list. It is now stated that the list is not intended to be a substitute for the statutory test under which one determines whether or not a company is subject to a low tax regime.

The purpose of the list is now stated to be to specify those countries in which a company is regarded as satisfying the motive test. While one can see some basis for looking at a country's tax system to determine whether it has the features of a low tax regime, how can the tax system of a country directly determine, of itself, the motive of those involved in setting up and maintaining a company within that country?

The lack of logic behind this change is not, however, the main point, because the press release is further qualified by the statement that, if it appears that a company has actually been set up in a country on the list as part of arrangement designed to reduce liability to UK tax or to divert profit from the UK, the list will provide no protection to such a company.

This seems to come close to saying that, in the case of of a company established and operating in a country on the list, the motive test will be regarded as being satisfied unless, of course, it is not satisfied.

This emasculation of the concept behind the publication of the list is to be deplored. In many respects with this legislation — not least in the fact that it is to be applied or not at the Revenue's discretion — corporate taxpayers are, in effect, being asked to trust the Revenue to act reasonably and have good sense in using the legislation.

Malcolm Gammie.
*Thomas McLintock and Co.,*
*70 Finsbury Pavement, EC2.*

# THE UK MINERS' DISPUTE

Mr Arthur Scargill (left) and Mr Ian MacGregor

# What the fuss is all about

### By John Lloyd, Industrial Editor

THE "war of facts" between the National Coal Board and the National Union of Mineworkers is a prominent feature of the present dispute. The following is a guide to the issues.

**Hasn't nationalisation provided the mineworkers with a great deal more security than other workers?**

Not in terms of employment. Numbers employed in the industry have dropped from 704,000 in January 1947—the NCB's vesting day—to around 180,000. Production was some 200m tonnes in 1947, reached a 225m tonne peak in 1955, and has declined pretty steadily since to 105m tonnes now.

This has mirrored the decline of the importance of coal as a fuel: from providing over 90 per cent of primary energy consumption in 1947, it now provides around 35 per cent.

Nationalisation did, however, give those miners who remained employed much greater security, greatly increased health and safety standards and better pay—though it took the 1972 and 1974 strikes to lift them to the top of the manual workers' wages league.

But miners with long memories can be forgiven for being somewhat cynical about "plans for coal" of which there have been many since nationalisation—all with different production targets. The first, in 1950, proposed an increase in output to 240m tonnes by the mid-1960s.

However, by 1965, and the era of cheap oil, a White Paper was proposing production cuts which would leave the NCB with a maximum output of 180m tonnes by 1970.

Closures and mergers went on at a rapid pace: numbers of pits dropped from 980 in 1947 to 317 in 1967: in the one year of 1967-68, 51 pits were closed and 11 were merged.

**The 1974 Plan for Coal is still supposed to underpin the industry's strategy. What were its objectives?**

The plan followed the first oil shock and was a tripartite agreement between Government, NCB and unions. It envisaged an initial expenditure of £600m (1974 prices). It planned for 40m tonnes of new capacity by 1985, with—and this has become a crucial provision—the loss of 3m to 4m tonnes a year of old capacity.

In 1977, the NCB published estimates that coal demand should be somewhere between 135m and 200m tonnes by the year 2000. It proposed—and this was endorsed by Government—that 4m tonnes of new and replacement capacity be added each year.

By March 1983, £4.5bn had been invested against the £3.2bn (at comparable prices) originally estimated—but production had not gone up. After a slight rise at the end of the 1970s, output has fallen to its present low level of 105m tonnes. Mr Ian MacGregor, the NCB chairman, wants to cut it to around 96m tonnes before trying to "stabilise" at 100m tonnes. No one talks about the year 2000 any more.

If the mineworkers have been disappointed by progress, so has the NCB. The 3m to 4m tonnes of old capacity a year which was supposed to disappear has not, leaving the NCB with an uneconomic "tail" of very high cost, generally very old pits. These account for some 10 per cent of production and most of the NCB's losses—expected to be around £800m (before adjustment) over the past financial year.

**Did the 1979 and 1983 Conservative Governments radically change things?**

No—and yes. Plan for Coal has not been formally repudiated but the 1979 Government adopted a tighter external financing limit (grants and borrowing ceiling) for the NCB. This forced the board to accelerate its closure programme. In early 1981 the Government endorsed the NCB's plan to close more than 20 pits at a stroke, but then drew back when the miners threatened a national strike. It relaxed the EFL and agreed that the NCB should continue to close pits by the established colliery review procedure.

The EFL rose from £832m in 1980-81 to £1,238m in 1981-82, in the process doing the career of Mr David Howell, the then Energy Minister, little good. The Conservatives, it seemed, were just as soft on the industry as the Labour Party.

**What changes were ushered in by Sir Norman Siddall when he took over as board chairman in 1982?**

The retirement of the NCB chairman, Sir Derek (now Lord) Ezra, virtually coincided with the retirement of Mr Joe (now Lord) Gormley and marked the end of an era. The Derek and Joe act had, many thought, been successful in keeping peace in the industry after 1974, but at the price of too little financial discipline and of allowing commitments on taking out old capacity to slip.

Sir Norman, long-time deputy chairman, and known to be impatient to make changes, promptly set about doing so. He walked into the lion's den of Mr Scargill's first annual conference in Inverness and told the delegates bluntly that 12 per cent of production was losing £250m a year and that it had to go.

By mid-1983—the end of his brief year as chairman—he had shut some 20 pits and made some 20,000 mineworkers redundant by consent.

He did so with great skill—though he was aided by a campaign by Mr Scargill against a secret "hit list" which the NCB denied existed and which effectively diverted attention from the very public closing of pits.

Two strike ballots which the NUM leadership mounted during his chairmanship produced majorities of around 60 per cent against strike action. The age of the high-paid, mineworker, prepared to accept some shrinkage of manpower, appeared to have arrived.

**Surely Mr MacGregor changed all that?**

Yes—and *again* no. He came in with a bad reputation among trade unionists for cutting back hard on the Steel Corporation: he was 72, an American for whom the Government had paid a high transfer fee, with limited experience of the U.S. coal industry and none of the UK's. He was bound to mark a change in style, and did: he emphasised continually that the industry was kept alive by the generosity of the taxpayer, refused to make the customary genuflections to union power and frequently observed that coal was much cheaper overseas—all attitudes which Lord Ezra would never have taken in public.

He has also been franker about his intentions than Sir Norman — possibly a frankness which he now regrets. The strike was triggered last month when he announced that he would close 20 to 25 pits with the loss of a further 20,000 jobs, to bring the industry down to below 100m tonnes

But Mr MacGregor is doing nothing different from his predecessor: indeed, it is quite possible that he will, by the end of his first year in office, have closed *fewer* pits than Sir Norman. He has been exceptionally careful to keep within the spirit of the 1974 Plan for Coal.

He said in his Weekend World television interview on Sunday that "we have a very simple programme. It follows on the Plan for Coal which, strangely, was put together back in 1974. I believe it was by Mr Eric Varley. It was a very thoughtful plan which recognised that transition was necessary in this industry to move away from high-cost coal mining to lower-cost coal mining in the interests of national low-cost energy. It was a very sound plan. . . ."

**So why the fuss?**

Because the irresistible force of Mr MacGregor's drive for low-cost energy has met the immovable object of Mr Scargill's determination to keep the industry at its present size.

FINANCIAL TIMES

Tuesday April 17 1984



PLEA TO PRIME MINISTER IN BRITISH MINERS' DISPUTE

# Coal strike 'threatens new crisis'

BY OUR LABOUR AND INDUSTRIAL STAFF IN LONDON

THE LEADER of Britain's second biggest union, the Amalgamated Union of Engineering Workers, warned yesterday that the miners' dispute in the UK could develop into the worst national crisis since 1974, when a coal strike forced the then Conservative Government to call a general election, which it lost.

Mr Terry Duffy, president of the union, urged Mrs Margaret Thatcher, the Prime Minister, to intervene. He said: "For God's sake, you are the employer; get the two sides round the table to see if they can convince each other of their case."

It was clear, however, after an "inner Cabinet" meeting yesterday to discuss the coal dispute, that the Government's present attitude of non-interference would continue.

Downing Street also made it apparent that the Government was not considering the use of troops to move coal stocks, which are estimated at six months' supply. There had been speculation about this because of the presence at the "inner Cabinet" meeting of Lord Trefgarne, a junior Defence Minister.

There was no sign yesterday of Mr Ian MacGregor, the NCB chairman, wanting to negotiate with Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), over the dispute, now in its sixth week. Mr MacGregor said meeting Mr Scargill was "not a constructive way" of spending his time.

Mr Scargill said Mr MacGregor's "belligerent statements" were reminiscent of those displayed by employers in the U.S. and were hardening the attitude among miners. He said: "I think Mr MacGregor is acting as the agent of the Conservative Government."

Most NUM leaders intend to continue with their present strategy of area strikes in the dispute, which is over pit closures and job losses. They are reluctant to press for a national ballot on strike action at a special delegate conference to be held on Thursday.

This attitude will be reinforced if the conference fails to win a two-thirds majority for a change in the union rules to require a 50 per cent majority vote for a strike, instead of the present 55 per cent.

NUM area meetings which will take place today and tomorrow will determine whether there will be the required two-thirds majority for a rule change. Much will depend on Nottinghamshire, the second biggest coalfield which has continued to work during the dispute.

The NCB failed yesterday to win its hoped-for breakthrough in the numbers of men still at work. There were 45 pits, out of 175, producing coal in the morning, but this fell to 43 with the afternoon shift, one fewer than on Friday.

Behind the dispute, Page 19

# UK cocoa trader hit by failure of plant in Singapore

By John Edwards in London

A LONDON-BASED subsidiary of Phibro-Salomon, one of the world's biggest commodities trading groups, could face substantial losses as a result of problems at a Singapore cocoa processing plant.

Mr Anthony Weldon and Mr Ian Jay, managing directors of the London company, Cocoa Merchants, have resigned. They have been retained, however, as consultants.

Allied Cocoa, which runs the Singapore plant, has been put into receivership. The plant processes cocoa beans into semi-manufactured products like cocoa butter, powder and liquor. It started operating late in 1982 after an opening ceremony attended by cocoa traders from around the world.

It is believed to have been hit by the heavy rise in world cocoa market prices in the past year because of crop shortfalls in West Africa, raw material supply problems and operating difficulties.

Cocoa Merchants, one of the principal traders with Allied Cocoa, is understood to face losses totalling millions of dollars, although the eventual sum involved cannot be estimated pending attempts by the liquidators, Peat Marwick Mitchell, to sell the plant.

Several other London cocoa brokers are involved, including the Acli group, Pacol, and Woodhouse, Drake & Carey as well as several other companies indirectly involved either in supplying or trading with Allied Cocoa.

Reports that Bank of America had been hit badly have been denied by the bank, which said it did not expect to suffer any losses since all loans involved were adequately secured.

Cocoa Merchants is a "floor" member of the London cocoa futures market. It was taken over in 1981 by metal traders, Derby & Co, part of the Phillip Brothers group that subsequently merged with Salomon. At the time it was rumoured that one of the main reasons for the purchase was to acquire the services of Mr Weldon, one of the best known London cocoa traders.

Mr H. J. Fritze, newly-appointed managing director of Cocoa Merchants in London, said Phibro-Salomon remained fully committed to cocoa trading. Mr R. Penfold has also been appointed a managing director, and Mr M. Reynolds and Mr P. Mayer have been made directors.

● A consortium of Indian banks is believed to be organising a "rescue" operation for Esal Commodities, which was unable to meet its commitments following severe losses in the sugar market after the recent Nigerian coup.

Commodities, Page 46

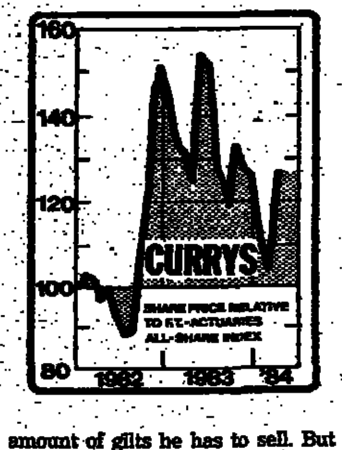
THE LEX COLUMN

# A pitfall in the market

The City of London, until late last week, appeared to have written off the possibility of a national miners' strike before it had started. Some more cautious second thoughts hit equities hard yesterday, though the sharp fall by the close rather belied the low volume of trading. There were few signs of real anxiety – but the market is evidently jumpy, with Sell in May and Go Away ringing in its ears, and a vision in its eye of the rough road to a miners' strike it has travelled once or twice before.

There were three nasty bumps on the last occasion, crossed at weekly intervals before the February 1974 strike. This latest 20-point drop is superficially comparable and comes close to the 24-point record loss notched up a month later on March 1, 1974. But the moves look very different in percentage terms. More important, the miners this time are seen as little threat to the economy – given one or two key assumptions, anyway, and a six-month horizon – and are chiefly feared for their impact on general sentiment.

In this role they could quickly take over from the privatisation sponsors, the chartists concerned about the 900 barrier and the gentlemen of the U.S. Treasury who have been sharing most of the blame so far for the latest correction. The miners seem especially likely to overshadow other influences amongst foreign investors. The market's strength, however, is still based on sound earnings and dividend fundamentals. Perhaps there is nothing amiss with its sentiment that a good, rousing statement from ICI's chairman couldn't set right tomorrow.




## Funding

It may be a little early to start worrying about the UK Government's funding programme, but perhaps not so early that cautionary thoughts are completely out of order. Certainly the authorities have been putting on a show of unconcern over the small amounts of stock that they have sold of late; but there has not been a full sized tap since early March, and the calls on partly paid issues, usually spaced neatly through the banking months, are now running out.

The Government Broker's task is if anything harder this year than last. The lower PSBR and less aggressive overfunding will cut the amount of gilts he has to sell. But the market background will not be so helpful. Last year interest rates were steadily falling. Even so a poor start to funding then led to a heavy bunching of sales in the summer and a sharp rise in gilt yields.

Nor has the GB any easy choices of where in the list, and at what price, to fund. He is prevented by his masters from feeding the long-term institutions their favourite diet of high coupon longs. The building societies may try to hold off – in response to persecution from the Inland Revenue – but they will have to put their money somewhere.

The GB may have to fall back on the "if it moves, tap it" method, so that the market may be in for more of the easily digestible tranchettes, more index linked – if inflationary fears gain ground – and still more variations on the middle-coupon medium. Whatever he picks, the GB needs to get going.

## Laporte

The hope that Laporte would before too long try to cut loose from its titanium dioxide business has been one of the forces making for such a strong market in the shares since the rights issue last year. Hope would certainly appear to have caught fire at the end of last week, to be confirmed by the news that SCM is to hand over something like £90m for a collection of assets which have never really paid their way for Laporte except in peak years.

The 38p jump in the share price to 428p yesterday suggested that the market is well on the way to rerating Laporte as a genuine speciality chemicals group, purged of its largest commodity commitment. On the sale of plant installed more than a decade ago, there will inevitably be a tidy book profit, and the influx of cash ought at least to replace titanium dioxide earnings this year; later on, when the cycle has turned downwards, Laporte should have managed to acquire some better quality profits. Yet the purchase could be worth SCM's while, at one stroke removing a fairly efficient competitor and buying into a market where it might cost over £100m to develop a greenfield operation.

The most interesting question is perhaps what Laporte intends to do with the money. It has been successful in acquiring specialist businesses, but the most appealing strategy might be to buy out its partner in the peroxygen business, Solvay, which incidentally has a useful 21 per cent stake in Laporte itself.

## Currys

The Currys preliminary statement was almost the least of the influences on the company's share price yesterday. The refusal of Mr Phil Harris to pop up with a bid, the general weakness of the market and the publication of poor retail sales figures for March combined to give the share price little chance. It closed down 20p at 358p.

As it turned out a 37 per cent increase in pre-tax profits, pre-disposals, to £19.1m was almost exactly what the market was expecting. Roughly two thirds of the 16.8 per cent sales advance will have come from higher volumes in established stores but the momentum was clearly slackening in the second half as the VCR boom slowed. Currys has been working to replace the lost sales with microwave ovens and home computers; but it seems reasonable to assume that this year sales growth will be concentrated more in new outlets, which should add close to 10 per cent to sales space, resulting in some pressure on net margins.

To compensate, Currys will probably report a lower increase in provisions for unmatured profits, while cash flow should turn positive sometime in the second half. For the moment, however, the market's main concern is guessing where a bid might come from.

# Citicorp to enter UK life insurance

By David Lascelles in London

CITICORP, the largest banking group in the U.S., is preparing to enter the UK life insurance business. The move marks a further step by the New York institution into the UK financial services market, where already it has established the largest presence of any foreign bank.

The Federal Reserve Board, which regulates the types of business that U.S. banks may enter, has given its approval. At the moment, U.S. bank law prevents banks from engaging in most forms of insurance in the U.S., but not abroad.

Citicorp would have the choice of building up its own insurance business or buying a stake in an existing company. A spokesman said yesterday that plans were still at an early stage.

The bank is already active in the UK savings and personal loan business, and has been expanding its mortgage loan portfolio through its more than 50 branches and by referrals from UK insurance companies.

Mr Walter Wriston, Citicorp's chairman, said recently that the group had set itself the goal of becoming a major player in the insurance business which accounted for 40 per cent of all financial services today, he said.

He singled out the UK as a market with no regulations preventing banks from entering the insurance business.

# Laporte to sell titanium dioxide business to SCM Corporation

BY CARLA RAPOPORT IN LONDON

LAPORTE Industries, the UK chemical company, plans to sell its titanium dioxide business to SCM Corporation of the U.S. in a deal expected to be worth between £85m - £90m ($121.5m - $128.7m).

The move, which will allow Laporte to continue its diversification away from capital-intensive businesses into more specialised activities, was greeted with enthusiasm by the London stock market. Following a 25p advance on Friday, Laporte's shares jumped 38p yesterday to reach a record 428p.

Titanium dioxide, which is used as a white pigment in the manufacture of paint, paper, plastics and rubber products, is a heavily cyclical, mature business worldwide. Laporte will be selling its manufacturing facilities at Stallingborough, South Humberside, UK and Bunbury, West Australia, with a combined annual capacity of 110,000 tonnes.

SCM, a diversified industrial group best known for its Smith-Corona typewriter and Glidden paint division, said yesterday that the acquisition would make it rank as one of the world's largest titanium dioxide producers, along with Du Pont of the U.S., Tioxide of the UK, and NL Industries of the U.S. The move will give SCM some 11 per cent of worldwide titanium dioxide production capacity and provide access to the European and Far East markets. SCM is currently strongest in the U.S. titanium dioxide market.

Laporte refused to divulge the asset value of its titanium dioxide group, but said its profitability had been "very difficult" in recent years. Sales of the division are around £70m annually. Stringent rationalisation of the UK facilities and some improvement in demand worldwide has helped the business return to profit in 1983.

It is believed that pre-tax profits of the division will be about £9m this year.

SCM will pay for the business in cash, with the final price to be determined following a working capital evaluation and "some additional investigations by both parties," according to both companies yesterday.

Mr Paul Elicker, chairman and president of SCM, said yesterday that the group had no plans to reduce the UK workforce of Laporte's titanium dioxide plant, now at about 630.

# Craxi to amend wages decree

Continued from Page 1

Communists have put up the most intense battle against the measure with opposition in both houses of parliament and a demonstration by 700,000 people in Rome last month.

By preventing the decree being converted into law within the prescribed period, Sig Enrico Berlinguer's party has inflicted a defeat on Sig Craxi, and any amendment in the new decree will be claimed as a success for the party's strategy.

But the spectacle of the Communist Party blocking the decree, and much other parliamentary business with tactics normally applied only by left-wing parties, has given Sig Craxi a propaganda weapon and a strong case for insisting that parliamentary procedures now be altered to reduce the scope for obstruction.

Over the weekend Sig Arnaldo Forlani, Deputy Prime Minister and a leading Christian Democrat, proposed that the new decree should cover only the first part this year and that unions and employers should commit themselves to reaching a voluntary agreement cutting wage indexation in 1985 – otherwise the Government would intervene again on the issue.

Since the actual reduction in wage rises under the original decree were set to occur in the first half of this year (one of them has already been applied), the shortening of the official life of the measure would have a largely symbolic effect.

But it remains to be seen whether such concessions, which last night still had to be agreed by the full cabinet, would be sufficient to make the Communist Party at least drop its obstructionist tactics.

Nearly two weeks ago the CGIL turned down a proposal by Sig Craxi which would have shortened the life of the measure.

# HK Court hears of banker's 'murder'

Continued from Page 1

ping arcade and bought a large suitcase. The prosecution maintained that it was this suitcase that was used to carry Mr Jalil's body out of the hotel.

The prosecutor said that during that afternoon, Carrian's Mr George Tan and Bentley Ho were in the board room of Bank Bumiputra Finance in Hong Kong. Mr Jalil spoke to his fellow assistant general manager, Mr Henry Chin, by phone and pointed out that a review board in Malaysia had to approve loans. It was alleged that Mr Chin said this loan had been approved by the chairman who had said: "Please proceed immediately."

The prosecutor said that Mr Jalil then said on the phone "please wait a minute," and then there was silence. Mr Duckett told the court: "It could be that at that moment in time that the accused man strangled Jalil."

The loan went through that afternoon.

Mr Duckett quoted a statement said to have been made to the police by the accused while he was in hospital. In it, he claimed that his instructions had come from a Korean travelling on a Thai passport. That alleged statement continued." I asked the Korean who he was getting his instructions from, and he said 'George'."

Mr Duckett added: "The accused says 'George' means George Tan."

Mr Duckett said the statement went on to say: "When Jalil wanted to go, the Korean sent me to buy a suitcase. When I got back to the room. Jalil was lying on the floor."

The Korean then allegedly had a telephone conversation with "George" and ended by saying: "It is finished."

The alleged statement also contained the claim: "Of course I spoke to George Tan. He said he was George Tan earlier that day. He told me that Jalil's boss approved the bill (loan)

Mr Duckett warned the jury: "We are not here to investigate Carrian or a company fraud. The circumstantial evidence presents a jigsaw puzzle to fit together. The Crown does not suggest that all these pieces fit together to make a complete picture."

The trial continues.

# Bonn 'will double current surplus'

Continued from Page 1

economic issues that have dominated the West German debate since the beginning of the year: shorter working time and tax reform.

Representatives of the West's largest trade union, IG Metall, will sit down today in a Düsseldorf hotel in a last attempt to reach agreement with employers in the engineering industries over shorter working time.

Ranged against their demands for the introduction of steps towards a 35-hour week without loss of income are not only employers, the Federal Government and considerable public misgiving but also, firmly, the five institutes.

Instead of working weeks regulated for a whole industry, the institutes propose more flexible working time (and, hence, pay) for individuals and factories. This idea has been put forward in a vague fashion by the employers in the engineering industry. It is not clear, however, whether it could be developed into an agreement today and thus avoid a damaging strike for which even IG Metall has less than complete enthusiasm.

On tax reform, the Kohl coalition itself is divided. Plans put forward by Herr Stoltenberg, envisaging cuts in income tax and higher family benefits worth DM 25bn, have been torn apart in noisy coalition debate over priorities and over timing.

The institutes yesterday brusquely cut across Herr Stoltenberg's plea that the most important thing is consolidation of state finances, which has seen a substantial reduction in the federal budget deficit since he took over the reins in October 1982. Instead, four out of five lined up with Count Otto Lambsdorff, the Free Democrat Economics Minister, in demanding that the tax present be handed out as soon as possible – even at the cost of increasing the deficit again from 1986, the institutes say.

One group of West Germans will receive a tax break this year whatever happens. Herr Ignaz Kiechle, the Agriculture Minister, said yesterday that from September farmers will receive concessions on the value-added tax they pay, to raise their incomes by 3 per cent.

In parallel, Bonn will make available DM 100m per year for payments to farmers to give up the production of milk

UK milk quotas, Page 11

# South African peace pact 'a setback'

Continued from Page 1

over a whole range of subjects – SADCC, the Preferential Trading Agreement for Africa, the Organisation of African Unity."

What advice, the President was asked, would he give to the banned African National Congress (ANC) of South Africa, which in terms of the pact is now banned from conducting any military activity in Mozambique, formerly a key staging post in attacks on South African targets? "There can be no advice to give," the president said.

Dr Kaunda, referring to a pledge to increase support for the ANC, made at a front-line summit in Maputo two years ago, said: "For reasons completely beyond our control, we are unable to fulfil that... Forces far more powerful than humble us have taken over control of the situation in southern Africa. We have to find our own level first of all before we begin advising the ANC."

Last month, President Kaunda proposed a front-line summit with Mr Botha. Asked what it would achieve, the President replied: "Let's meet and let him know that at least from us he has nothing to fear, because we have no armies to march on South Africa, although he still continues to behave as if he was expecting armies from here. Whether that could bring anything worthwhile I do not know, but at least we will have done something."

Zambia would not sign a non-aggression pact with South Africa, he said. "Who are we? We cannot invade South Africa, so I do not see any reason why we should enter into a pact." Zambia already restricts the ANC to a diplomatic presence in Lusaka.

The President declared that an "explosion" in South Africa was inevitable within three or four years, with repercussions for the whole region.

# World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | C | 15 | 59 | Dubrovnik | S | 20 | 68 | Malaga | S | 24 | 75 | Salzburg | F | 16 | 61 |
| Akrotiri | C | 18 | 64 | Faro | S | 20 | 68 | Malta | C | 18 | 64 | Seoul | C | 21 | 70 |
| Algiers | R | 14 | 57 | Florence | S | 18 | 64 | Manila | F | 35 | 95 | Singapore | R | 30 | 86 |
| Amsterdam | F | 9 | 48 | Frankfurt | C | 8 | 46 | Miami | C | 28 | 82 | Stockholm | S | 11 | 52 |
| Athens | F | 21 | 70 | Funchal | F | 18 | 64 | Milan | C | 16 | 61 | Strasbourg | R | 7 | 45 |
| Bahrain | F | 34 | 93 | Geneva | R | 7 | 45 | Moscow | S | 20 | 68 | Sydney | F | 23 | 73 |
| Bangkok | F | 34 | 93 | Gibraltar | S | 21 | 70 | Munich | F | 15 | 59 | Taipei | F | 29 | 84 |
| Barcelona | S | 18 | 64 | Guernsey | S | 9 | 48 | Nairobi | R | 26 | 79 | Tangier | — | — | — |
| Beirut | C | 17 | 63 | Helsinki | S | 15 | 59 | Naples | D | 15 | 59 | Tehran | — | — | — |
| Belgrade | S | 22 | 72 | H. Kong | C | 23 | 73 | New Delhi | S | 41 | 106 | Tel Aviv | C | 18 | 64 |
| Berlin | C | 7 | 45 | Innsbruck | F | 15 | 59 | New York | R | 9 | 48 | Tenerife | F | 21 | 70 |
| Biarritz | F | 12 | 54 | Inverness | F | 5 | 41 | Nice | S | 16 | 61 | Tokyo | R | 13 | 55 |
| Blackpool | F | 8 | 46 | Istanbul | F | 13 | 55 | Oporto | S | 15 | 59 | Toronto | C | 9 | 48 |
| Bordeaux | S | 13 | 55 | Jersey | F | 10 | 50 | Oslo | S | 9 | 48 | Tunis | R | 14 | 57 |
| Brussels | F | 9 | 48 | Jo'burg | F | 24 | 75 | Paris | F | 11 | 52 | Valencia | S | 20 | 68 |
| Budapest | S | 21 | 70 | Las Palmas | F | 21 | 70 | Prague | S | 17 | 63 | Venice | S | 16 | 61 |
| B. Aires | R | 26 | 79 | Lima | F | 26 | 79 | Reykjavik | S | 1 | 34 | Vienna | S | 22 | 72 |
| Cairo | F | 23 | 73 | Lisbon | S | 17 | 63 | Rio de J'o | C | 33 | 91 | Warsaw | S | 21 | 70 |
| Cape Town | F | 17 | 63 | Locarno | S | 17 | 63 | Rome | C | 17 | 63 | Zurich | R | 6 | 43 |
| Caracas | C | 30 | 86 | London | F | 10 | 50 | | | | | | | | |
| Casablanca | F | 18 | 64 | Los Angeles | F | 29 | 84 | | | | | | | | |
| Copenhagen | F | 8 | 46 | Luxembourg | C | 9 | 48 | | | | | | | | |
| Corfu | C | 18 | 64 | Madrid | S | 15 | 59 | | | | | | | | |
| Dublin | C | 6 | 43 | Majorca | C | 18 | 64 | | | | | | | | |

*Readings at mid-day yesterday:*

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

# Modest rise at Bell Atlantic

BY OUR NEW YORK STAFF

BELL Atlantic, the Philadelphia-based telephone company, has reported net income of $235.4m for the first quarter of 1984, which is marginally higher than expected.

Bell Atlantic is the third of the former AT&T phone companies to report first quarter figures. Results of the Chicago-based Ameritech were above expectations and those of South-western Bell, based in St Louis, Missouri, were in line with Wall Street's expectations.

Mr Thomas Bolger, Bell Atlantic's chairman and chief executive, said that the group's first-quarter performance reflected its "underlying financial strength." Group revenues for the first three months totalled $1.98bn and operating expenses totalled $1.44bn. Return on average capital employed was 10.6 per cent and return on average common equity was 13.3 per cent.

Dana, the U.S. motor components company, continued with its strong profits growth in the first quarter of this year, when it virtually trebled its net income at $48.2m against $17.3m a year ago.

Earnings per share also went up from 32 cents to 85 cents, while sales increased from $850m to $917m.



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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday April 17 1984



SECURITY PACIFIC MAINTAINS FAST GROWTH PACE

# Chase profit dips in quarter

BY PAUL TAYLOR IN NEW YORK

CHASE MANHATTAN, the third largest U.S. banking group in terms of assets, yesterday reported a marginal 3 per cent decline in first-quarter net income, to $102.5m.

The New York-based banking group blamed the decline on lower net interest income. That fell from $595m to $579m, reflecting narrower net interest rate spreads and the need to place Argentine private-sector loans on a non-accrual basis.

Chase is the largest U.S. banking group so far to report a first-quarter earnings decline, although results have, as expected, been patchy. They range from substantial earnings gains at J. P. Morgan and First Chicago, largely attributed to higher non-interest income, to lower earnings at Mellon National.

Security Pacific, the fast growing West Coast banking group, yesterday joined the list of big U.S. banks reporting higher first-quarter earnings. It announced an 11 per cent increase in first-quarter net income to $87.9m.

Chase's results in particular reflect the difficult interest rate environment facing the banks in the first quarter, coupled with the impact of difficulties over private-sector international loans and the banks' efforts to bolster loan loss provisions and their primary capital levels.

The bank's first-quarter earnings, equivalent to $2.55 a share, compared with net earnings of $106.1m or $2.73 a share in the 1983 first quarter.

Chase noted that earlier this month it issued $400m of 12-year floating-rate subordinated notes – which come within the guidelines of bank regulatory authorities for primary capital. The bank said that as a result, on a pro-forma basis, its primary capital ratio would increase to about 6 per cent from 5.58 per cent at the end of the quarter and 4.98 per cent a year ago.

Commenting upon its results, the bank noted that the decrease in net interest income included the adverse effect of about $9m pre-tax ($5m after taxes) of interest on non-accrual cross-border loans to private-sector borrowers in Argentina. It also reflected a decline in the net interest rate spread to 3.45 per cent from 3.65 per cent, which was partially offset by a $1.5bn increase in average earning assets.

Chase said its provision for possible loan losses was $75m in the first quarter, up from $70m in the same period last year. However, the bank noted that net charge-offs of $51m were the lowest for seven quarters and compare with $84m in the 1983 quarter.

At the end of the quarter, Chase said its reserve for possible loan losses totalled $588m, or 1.04 per cent of total loans, compared with a reserve equivalent of 1.01 per cent of total loans at the end of 1983 and 1.03 per cent in 1982.

Chase said its non-accrual and other non-performing loans totalled about $1.64bn or 2.89 per cent of total loans, down from $1.87bn or 3.35 per cent of total loans at year end and $1.9bn or 3.51 per cent a year ago.

Other operating income grew to $206m in the first quarter from $199m a year ago. Fee and commission income increased by 18 per cent to $161m, offsetting a $9m decline in foreign exchange income, which fell to $27m and a $6m drop in dealer trading account profits, which fell to $5m.

The bank also noted that other operating expenses increased by less than 1 per cent to $513m from $510m in the 1983 first quarter.

Security Pacific, which was the ninth largest U.S. banking group in terms of assets at the year's end, said its first-quarter earnings, equivalent to $1.84 a share compared with $1.70 a share in the 1983 first quarter, resulted from stronger specialised financial services companies and the consumer sector of its banking business.

Mr Richard Flamson, chairman of the Los Angeles-based bank which has been one of the most aggressive players in the trend towards bank deregulation, said "Our balance and diversification helped offset weaknesses in the wholesale banking area, which still shows the effects of the recent recession."

Security Pacific said its net interest income increased by $18.3m to $339.1m in the first quarter, up from $320.8m a year ago. The bank noted that the improvement was the result of asset growth, particularly loan growth, which offset a decline in net interest margins which fell from 4.22 per cent to 4.12 per cent.

Security Pacific added that market rates on various short-term sources of funds increased during the quarter but the prime rate was not raised until late in the quarter, which had a negative impact on margins.

The bank said non-interest income grew by 36 per cent to $185.1m from $136.1m a year ago with important gains coming in the fees generated from the banking group's brokerage activities and gains on the sale of equities.

The provision for credit losses was $46.4m, up from $37.7m a year ago, while net credit losses increased to $38.3m from $28.4m.

At the end of the quarter, the bank's reserve for possible credit losses totalled $347.2m or 1.12 per cent of loans and leases compared with $308.9m or 1.16 per cent of loans and lease financings a year ago.

The decline in percentage figures reflects a substantial increase in loan volume.

# Charter to sell insurance operations

By William Hall in New York

THE CHARTER Company, the Florida-based oil refining and insurance conglomerate which is facing financial problems, has put its insurance operations up for sale and is seeking help from its bankers to cover a "severe loss of trade credit."

The group, which blames much of its financial difficulty on recent adverse publicity about single premium deferred annuity sales which contribute a large portion of its profits, said recently that its oil operations had suffered an "unanticipated and severe loss of trade credit during the last two weeks."

The group said that it had hired Donaldson, Lufkin and Jenrette, a New York investment bank, to assist in the sale of the insurance group. The disposal is intended to help the group reduce its indebtedness and protect the interests of the policy-holders of its insurance company.

Charter's life insurance operations have been hit by adverse publicity surrounding the collapse of Baldwin-United last year, which was the biggest marketer of single premium deferred annuities, a form of tax-deferred savings.

Charter, which is also big in this field, has suffered a sharp increase in redemptions at the same time that its oil operations have been hit by an earnings squeeze.

Earlier, Charter had intended to spin off the insurance group to its shareholders but this plan was postponed as the group's financial difficulties mounted. Earlier this month, the group announced plans for a sharp cut in jobs at its Houston refinery and forecast a higher first-quarter loss.

Charter continues to stress that despite all the adverse publicity, its insurance operations are still financially sound. Charter Security Life increased its statutory surplus by $21m to $125m.

# Sharp improvement for Société Générale and Crédit du Nord

BY PAUL BETTS IN PARIS

TWO LARGE French nationalised banks have reported improved earnings, in conformity with the general trend in French banking profits for 1983.

Société Générale, France's third largest nationalised bank, saw its earnings increase by about 10 per cent to FFr 430m ($53.3m) last year from FFr 390.5m in 1982. The bank's profits in 1982 declined by 17 per cent.

Société Générale is to announce its complete figures for 1983 next month at its general meeting, when it will also seek approval to issue in France and on international credit markets up to FFr 15bn in bonds in French francs or foreign currencies.

The other bank to report a sharp improvement in its earnings performance is Crédit du Nord. Its net profit totalled FFr 155.6m last year compared with a loss of FFr 59.2m in 1982.

Excluding an extraordinary gain of FFr 139.1m, net earnings totalled FFr 16.5m last year. In 1982, the nationalised bank was affected by its exposure to serious losses at Ribourel, a property development company, in which the bank took a 50 per cent stake shortly before nationalisation.

The bank made FFr 283.6m bad debt provisions last year including losses at Ribourel. But the total of debt provisions was FFr 95.1m less than in 1982, when Crédit du Nord became the first big French bank to report a loss since the mid 1970s. Crédit du Nord now hopes Ribourel will break even this year.

Crédit du Nord also received FFr 300m capital last year from its two main shareholders, the nationalised Paribas banking group and the Government, to strengthen the bank's weak equity base.

The bank, which has branches in New York and London, plans to open subsidiaries or branches in Singapore, Tokyo and Jakarta at the end of this year or early next year.

# Earnings boost for Abitibi Price

By Robert Gibbens in Montreal

ABITIBI-PRICE, the world's largest newsprint producer, posted a strong comeback in earnings in the first quarter, indicating generally more prosperous times for the pulp and paper industry if labour contracts can be settled without disruption.

Abitibi-Price, controlled by Olympia and York Developments, the Reichmann family holding company, had net profits of C$10.3m ($8.1m) or 40 cents a share in the March quarter against C$2m a year earlier, which was insufficient to cover preferred dividends. Also, the earlier quarter was severely depressed by poor market conditions, low prices and low operating rates.

Sales were C$470m against C$387m. Returns from newsprint are still not satisfactory, the company said. Newsprint prices will reach 1981 levels in North America only this summer, although pulp prices have been climbing this spring.

Abitibi-Price's newsprint mills, mainly in eastern Canada, were operating close to capacity by the end of March, and its fine papers operation was also running at capacity.

# Magazine income lifts Time group results

BY OUR FINANCIAL STAFF

TIME, the largest U.S. magazine publisher, yesterday announced first-quarter profits up sharply from $28.9m or 46 cents a share to $43.5m or 67 cents, with improvements recorded in all the company's operating groups.

The latest figures include $6.9m or 11 cents a share from Temple-Inland, the company's forest products business which was spun off to shareholders earlier this year.

Time said the gains in its first-quarter earnings, which came from sales of $693.6m ($604.9m), were partly due to an improvement in magazine income, which reflected a 15 per cent increase in advertising revenue and a 19 per cent rise in circulation revenues.

Operating results at the books division recovered dramatically from a loss of $4.6m to a profit of $4.3m.

The turnround was helped by excellent consumer acceptance of a new book and record series from Time-Life Books, the largest component of the books group.

Earnings from video businesses rose from $49.1m to $55.3m. Profits from pay television services, Home Box Office and Cinemax improved, but were adversely affected by a slower rate of growth in subscriptions and higher programming costs.

American Television and Communications, the company's cable TV subsidiary, posted higher profits due to continued growth in the number of subscribers. Profit margins in the video unit as a whole were down slightly

Selling Areas-Marketing and Pioneer Press, two other Time businesses, also reported higher profits.

# Bank of Cyprus payout rises after growth

By Andreas Hadjipapas in Nicosia

BANK of Cyprus, the island's largest banking organisation, achieved profits of Cyprus £5.3m ($9m) last year against Cyprus £4.2m in 1982, Mr George Christofides, the chairman, said yesterday.

He said the growth in published profits enabled the board to recommend a 15 per cent dividend compared with 14 per cent in 1982 and 10 per cent in 1981.

Mr Christofides said the group operated last year through 107 branches and offices, including those in the UK (London and Birmingham) and a representative office in Athens. Its assets rose to £486m.

# Allied increases profits

By Our New York Staff

ALLIED Corporation, the diversified energy, chemicals and industrial products group, reported a 12.7 per cent rise in net profits in the first quarter of this year from $118m to $133m. Sales increased from $2.5bn to $2.8bn.

Earnings per share for the quarter fell from $2.07 to $2.04 as a result of the increase in the number of shares on issue from 46.3m to 54.3m.

The company added, however, that on an underlying basis, adjusting for non-recurring items, profits per share had risen from $1.59 in the same quarter a year ago, when earnings from continuing operations amounted to $96m. The final net figure last year included a $39m gain from accounting changes, along with a $17m loss from discontinued operations.

Allied, which acquired Bendix in 1982, has recently been going through a period of extensive reconstruction. It is currently in the progress of disposing of Bendix's machine tool division to Cross and Trecker, a move which has just received anti-trust clearance.

# Svenska Varv to pay dividend

BY DAVID BROWN IN STOCKHOLM

SVENSKA VARV, the Swedish state-owned shipbuilder which uses the name Swedeyards overseas, moved out of the red last year after extensive restructuring and will pay a dividend for the first time since it was formed in 1977.

The group showed a profit of SKr 312m ($40m) before extraordinary gains, compared with a SKr 1.3bn loss a year earlier. It will pay a dividend of SKr 5 per share, or a total of SKr 50m to the Swedish Government.

Sales climbed SKr 1.16bn to SKr 9.45bn for 1983. The operating profit after depreciation advanced by SKr 527m to a positive SKr 298m. The group made extensive capacity cuts last year, and the number of employees declined over 10 per cent to 18,422.

Losses on ships delivered, but not yet paid for, fell from SKr 529m in 1982 to SKr 82m last year.

A government financial reconstruction package contingent on shutdowns agreed in 1982 allowed the group to post interest income of SKr 16m, against a loss of SKr 131m the previous year. Svenska Varv also had an SKr 80m gain on currency transactions.

An SKr 146m extraordinary item brought the profit before allocations and taxes to SKr 458m.

Goetaverken Arendal, the group's offshore subsidiary, recently received a large order for a floating production platform for North Sea Sun Oil, worth SKr 1.4bn. About 25 per cent of total production is in the offshore sector. Merchant shipbuilding is down to about 28 per cent, followed by piping (15 per cent), energy systems (12 per cent) and ship repairs (8 per cent).

Svenska Varv will post a profit on the same level in 1984, predicted Mr Erland Wessberg, the group president.

# Troubles mount at U.S. utility

BY OUR FINANCIAL STAFF

CONSUMERS Power, the major utility serving southern Michigan, will be forced to consider filing under Chapter 11 of the U.S. Bankruptcy Code if it cannot secure an agreement with Michigan state officials on the future of its troubled Midland nuclear power project, said Mr John Selby, chairman.

He said the company needed to raise $2bn to finance completion of the reactor's unit two, the cost of which is now estimated at $3.95bn. Cost estimates for the whole plant have risen more than tenfold since construction began in 1969 and work on the first unit has stopped.

The company, said Mr Selby, "should go to the market to raise new funds in a couple of months," but this would be impossible unless the utility could inspire confidence at a time of uncertainty among investors over the nuclear industry. Confidence could not be obtained without co-operation from Michigan officials who wanted the plant to be abandoned.

"If we cannot reach an agreement or arrangement with the (Public Service Commission) and other appropriate state officials, bankruptcy is an option we would have to consider," Mr Selby said.

Last week Consumers cut the quarterly dividend on its common stock to 35 cents a share from 63 cents, and deferred the projected completion date for unit two to December 1986 from mid-1986.

● The U.S. Nuclear Regulatory Commission (NRC) has granted Pacific Gas & Electric permission to fire up its controversial $4.9bn Diablo Canyon nuclear power plant for low-power testing.

PG & E claims that the plant costs close to $1m per day in interest and other costs for each day that it stands idle.

# CPA plans acquisition

By Robert Gibbens in Montreal

CANADIAN PACIFIC Airlines (CPA), Canada's second largest airline after Air Canada, plans to buy the Maritimes-based Eastern Provincial Airways (EPA) for C$20m ($15.7m).

CPA has had a joint operating agreement with EPA for two years, helping the airline to survive the recession. However, EPA's strength has been sapped by a long dispute between its operating staff and owner, Harry Steele, and his Newfoundland Capital Corporation. Its equipment has been leased.

# Three U.S. chemical groups ahead

BY OUR FINANCIAL STAFF

THREE U.S. chemical companies report strong advances in net profits for the first three months of 1984.

W. R. Grace, manufacturer of speciality and agricultural chemicals, boosted net income by 39 per cent from a depressed $33.11m to $45.95m, or from 68 cents to 94 cents, for the quarter.

Sales were ahead to $1.5bn, compared with $1.35bn last time.

The latest figures included an $11.09m gain from the initial public offering of the El Torrito Restaurants subsidiary.

Hercules, which has interests in chemicals, plastics, fibres and aerospace and defence related goods, raised net income from $27.4m to $47.7m, or from 51 cents to 86 cents, for the quarter.

American Cyanamid, the activities of which include fertilisers, pesticides, other agricultural products and speciality chemicals and medical products, more than doubled net profits for the first quarter from $27.2m to $56.5m, or from 56 cents to $1.15 a share.

# Strong rise in orders for Norsk Data

By Our Financial Staff

NORSK DATA, the Norwegian producer of mini-computers, has reported a strong rise in new orders for the first quarter of this year.

The group, which lifted net profits from NKr 60.4m ($8m) to NKr 128.4m in 1983, says order intake for the first three months of 1984 is running about 85 per cent ahead at NKr 302m.

For the whole of last year, order intake totalled Nkr 955m, up 61 per cent. As a result, physical expansion has been rapid, with employee numbers at the end of last year totalling 1,784, against 1,047 a year earlier.

Sales last year were NKr 886.4m, up from NKr 611.2m. Pre-tax profit margins widened by almost two points from 14.4 per cent to 16.2 per cent, helping to double pre-tax profits for 1983 to NKr 143.9m.

Year total assets came to NKr 1.28bn, and shareholders' equity totalled NKr 636m. The company reported its unaudited results for 1983 earlier this year.

UK BANK APPLIES DRASTIC ACTION TO A SEVERE DEBT PROBLEM

# Midland starts surgery on Crocker

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

MR FRANK CAHOUET, who became Crocker National Bank's chairman less than a month ago, has wasted no time attacking the bank's notorious bad debt problems. Undaunted by the fact that Crocker had already shocked both the U.S. and UK banking communities by making a $107m bad debt charge in December – termed by many at the time as little short of a disaster – he has ordered a further charge of $148m – almost half as much again.

For Midland Bank, Crocker's parent, the resulting $121m loss marks another, but hopefully the last, painful episode in the most costly banking investment ever made in the U.S. But as Mr Cahouet said, "No one can underwrite a loan portfolio," and Crocker's balance sheet remains loaded with non-performing loans (over $1bn worth), and its already-halved dividend is in doubt.

Much of the shock at yesterday's news stemmed from the belief nurtured intentionally or not by Midland that Crocker was past the worst. But Mr Cahouet's management, which includes two Midland executives determined to get a grip on Crocker, not only found that last year's bad debt charges were insufficient: the loan portfolio was still deteriorating because of the lingering effects of the recession and the obstinacy of U.S. interest rates.

Two large company borrowers – Powerine, a refiner, and Castle Entertainment – also filed for bankruptcy, adding to Crocker's existing problems with the farming and real estate loan business, where prospects have worsened with the recent upward trend in the prime rate.

The only saving grace was to try to restore profitability – but it will be a long and painful process. He wants to reduce non-performing loans, contain costs, and may well sell off part of the three brand new office buildings Crocker owns in San Francisco and Los Angeles. Their value, he says, has probably doubled in the last two or three years.

One strength he can build on is Crocker's solid capitalisation (its capital ratios are among the highest of major U.S. banks) and its highly liquid position with about one sixth of its assets in cash or its equivalent. And unlike his predecessors, Mr Cahouet has a good track record, having managed Security Pacific, California's most successful bank.

Midland was standing firmly behind him yesterday, even though the revelation of the new losses gave Mr Geoffrey Taylor, the chief executive, probably the most uncomfortable day since he took office two years ago. The latest drop in Crocker's share price reduces the market value of Midland's 57 per cent stake to below $300m, compared with the $850m it has invested.

Asked if Midland was contemplating buying out the minority stake, as frequently speculated in the market, Mr Taylor made an ambiguous reference to Shell's current efforts to buy full control of Shell Oil, its U.S. subsidiary, but would not comment on Midland's own plans.

This latest blow comes just as Midland is preparing to absorb another shock: the large tax liabilities arising from the British Chancellor's decision to end capital allowances. Although Midland has not said just how much it will have to pay, analysts put the figure at about £220m ($312m), which Midland will probably tell shareholders at its annual meeting on April 25 will have to come out of reserves.

This is certain to cut Midland's capital ratios to a level where it would normally have to seek new equity from its shareholders, but given the special circumstances of the British budget, the Bank of England may allow it a bit of leeway.

# Towner losses reach $43.3m

By Our New York Staff

TOWNER Petroleum, the small U.S. oil company headed by former Mothercare chairman Mr Selim Zilkha, has reported a net loss of $43.3m in 1983 and its accountants have qualified its financial statement.

Since leaving Mothercare, Mr Zilkha has moved his base of operations to the U.S. His most visible investment to date has been Towner Petroleum, shares of which are quoted on the American Stock Exchange. With another investor, Mr Ronald Simon, Mr Zilkha injected $25m into Towner last year, giving them a stake of almost half.

As evidence of the company's troubles mounted, Mr Zilkha has taken a more active role in its affairs. A few weeks ago he took over as chairman and chief executive, succeeding Mr David Towner, the company's founder.

The group recently defaulted on a $1.2 interest payment and its auditors, Peat Marwick Mitchell, have qualified its accounts. The group has classified its bank debt of $118m as a current liability.

# INTERNATIONAL COMPANIES AND FINANCE

## Sanko to hive off VLCC fleet

BY YOKO SHIBATA IN TOKYO

SANKO STEAMSHIP, the deficit-ridden major Japanese shipping company, specialising in tanker operations has worked out a drastic rehabilitation plan *involving the hiving off of its* loss making VLCC (very large crude carriers) division. The company is also seeking help from a number of banks including Daiwa Bank, Long-Term Credit Bank of Japan, and Tokai Bank.

The reconstruction plan calls for the setting up of a new company to take over control of the VLCC fleet, the transfer of debts acrued from the construction of the VLCCs to the new company, the seeking of a moratorium on *repayment of borrowings* from banks for a certain period, the reduction of interest rates, and job cuts.

Sanko Steamship has the largest VLCC fleet in Japan. The company's fleet consists of 24 VLCCs and two ULCCs—16 of which are fully owned and 10 chartered on a long-term basis.

Sanko plans to transfer the 16 fully-owned VLCCs to its new company. Losses involved in the construction of the 16 vessels amounted to between Y70bn *and Y80bn—a sum which is also* to be transferred to the new company.

In the half year ended September, Sanko posted pre-tax losses of Y27.6bn ($123m), and net losses of Y27.5bn. The company's cumulative losses amounted to Y72.3bn at the end of September 1983. For the fiscal year ending in March pre-tax losses seem certain to have reached more than Y40bn.

Sanko's losses were incurred by its VLCC tanker division, operating at below break-even level.

The new rehabilitation plan indicates a sharp turn-round in thinking from the original aggressive business restructuring plan deployed last year *which involved placing orders* for as many as 123 new handy-bulk carriers in a single year. Under the company's previous plan, it intended to cut its old fleet by 150 vessels of 12m tonnes deadweight in three *years to bring it down to 100* ships of 10m tonnes by the end of March 1985.

With the reduction in the number of loss making tankers and the introduction of highly efficient and competitive new handy-bulk carriers Sanko Steamship had hoped to swing back into profits in the fiscal year ended March 1984 and to wipe out cumulative deficits by March 1985.

However, its fleet reduction programme—achieved by scrap*ping or returning chartered* ships upon contract expiry—has not progressed smoothly. At the end of September 1983, Sanko had a fleet totalling 207.2m tonnes in operation, only 40,000 tonnes down from March 1983. In the half-year to September *the* company managed to lay up only three VLCCs. The company seems to have got rid of a further 17 vessels—totalling 670,000 tonnes in the October 1983-March 1984 half year.

*Currently* all Japanese shipping companies are operating their tanker divisions at a loss. Each idle VLCC can cost as much as Y100m to Y150m a year.

Meanwhile, the delivery of ships in the 20,000-40,000 tonnes handy bulk carrier category to Sanko begun last December. The company expects 60 new vessels in the current fiscal year and 40 more in fiscal 1985.

The 123 vessels are mostly being ordered by major Japanese trading companies who register them in Panama or Liberia then charter them to Sanko under 10-year contracts.

The company's scheme to almost totally modernise its fleet without spending any of its own *money astonished the industry* when it was announced.

## Straits Trading ahead despite lower sales

SINGAPORE—Straits Trading Company lifted group attributable profit by 17.8 per cent to S$25m (US$12m) for the six months to December to leave the full-year result up 5.3 per cent to S$37.8m.

Sales were down by 18.6 per cent to S$739m and investment income and contributions from associates were 4.5 per cent lower at S$22m.

*The company gave no reasons* for its improved results, but the directors expect group profit for 1984 to approximate the 1983 levels, although property income is likely to be lower.

The final dividend is 13 cents gross tax, bringing the 1983 total to 18 cents, against an adjusted 16.67 cents for 1982.

● Cold Storage Holdings reports group profit before extraordinary items up by 0.5 per cent to S$16.3m for the year to January 31, and, with lower earnings from the sale of investments and properties, there was a 1.0 per cent decline in attributable profit to S$17.5m. Turnover advanced by 5.3 per cent to S$786.5m.

A final dividend of 7.75 cents per share makes an unchanged total of 12.75 cents.

AP-DJ

## MAS considers public listing

BY WONG SULONG IN KUALA LUMPUR

THE STATE-OWNED Malaysian Airline System, MAS, is considering seeking a public listing and raising between 500m and 1,000m ringgit (US$212m to US$434m). Its paid-up capital is currently 70m ringgit.

Dato Aziz Rahman, the managing director, said the funds would be needed for the Airline's expansion over the next five years. Planned projects include the phasing out of the ageing fleet of 10 Boeing 737s to be replaced either by the 186-seat Boeing 757 or the 211-seat Airbus A-310, which cost between US$40m and US$50m each.

The public listing of MAS forms part of the government's privatisation programme under which profitable public sector agencies are to be sold to the private sector.

Dr Mahathir Mohamad, the Prime Minister, recently singled out MAS as one of the early targets for privatisation.

Commenting on the financial year which ended on March 31, Dato Aziz said the airline was expected to make a better profit than the 9m ringgit of 1982-83.

He said the airline had benefitted from stable fuel costs, lower interest charges and, a higher capacity in line with the economic recovery of the Asian-Pacific region. For the year to March 1982, MAS made a net loss of 39m ringgit.

Meanwhile, the Malaysian Government has disclosed that it plans to build a second airport for Kuala Lumpur to complement Subang Airport which recently underwent a 150m ringgit renovation and expansion programme to cope with traffic growth up to 1990.

## Everbright Industrial to expand in China

HONG KONG — Everbright Industrial plans three major industrial, agricultural and commercial developments in China's special economic zones, *said Mr Wang Guangying*, the chairman.

Mr Wang, who is also vice chairman of the Chinese Peoples Political Consultative Conference and a former vice-mayor of the industrial city of Tianjin, *said Everbright*, which was formed in Hong Kong last August, plans to spend US$150m on a huge land reclamation project in the Zhuhai special economic zone, just north of the Portuguese administered territory of Macao.

The development involves two Chinese partners in addition to Everbright and will entail reclaiming 170 sq kilometres of land at the mouth of the West River, a tributary of the Pearl River.

The second project involves *the development of a 4 sq km* industrial estate in Zhuhai. About $100m will be spent to prepare the site and the emphasis will be on attracting high technology and knowledge-intensive industries. There will also be special incentives to attract foreign investment to the estate.

In the third project, Everbright plans to build an offshore oil support base in the Shenzhen special economic zone, east of Zhuhai and bordering Hong Kong.

*Everbright will spend* $13m in the three-phase project.

AP-DJ

## Marginal profit fall at Shell Australia

By Lachlan Drummond in Sydney

SHELL AUSTRALIA has reported net earnings down only slightly from A$28.3m to A$27.64m (US$25.4m) for 1983, in stark contrast to the combined losses of A$230m for three of its major rivals, BP, Mobil and Caltex.

At the pre-tax level, Shell's profits were down from A$80m to A$55.9m. The tax charge was lower, however, because of investment allowances flowing from its heavy spending in alumina and natural gas. Revenues were A$3.65bn against A$3.34bn.

The company's ability to stay in the black was attributed to past investment in improvements to refining facilities as well as in its retailing and distribution network. After extraordinary items, mainly relating to the divestment of nickel *mining* interests at Windarra, Western Australia, profit was A$16.7m against A$32.7m.

Shell is the local industry leader with roughly one quarter of the Australian petrol market and was a prime player in the wave of price cutting last year.

The refining and marketing operation contributed A$47m to net profits offset by losses of *A$22m from minerals and* A$8m from chemicals and consumer products.

Meanwhile, the company this year is preparing to reap some of the cash flow benefits — if not profit — from its recent heavy investment.

The A$1bn Worsley bauxite-alumina venture in Western Australia— where Shell is a 30 per cent partner — is due to begin alumina shipments this year.

The domestic natural gas side of the North West Shelf development, where it has a direct one sixth share and a 13 per cent holding in the major partner, Woodside Petroleum, is also due to come on stream in July.

Mr Kevan Gosper, the chairman, said that while there has been a slight strengthening in demand in the first quarter, conditions for the rest of 1984 were likely to remain difficult.

Although Shell made a profit in a year when most major competitors sustained losses, its 2 per cent return *on share*holders' funds was grossly inadequate, he said.

## North American quarterlies

**AMERICAN HOIST**
Cranes, lifting equipment

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 91.1m | 78.2m |
| Net loss | 6.6m | 7.1m |
| Net per share | 1.08 | 1.15 |

**AVCO**

| First quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 666.3m | 620.6m |
| Net profits | 24.4m | 22.1m |
| Net per share | 0.91 | 0.82 |

**BOMBARDIER**
Snowmobiles, transport equipment

| Year | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | 482m | 391m |
| Net profits | 4.3m | 6.1m |
| Net per share | 1.16 | 1.12 |

**CANADA TRUSTCO**
Trust

| First quarter | 1984 C$ | 1983 C$ |
|---|---|---|
| Assets | 21.6bn | 18.2bn |
| Net profits | 16.6m | 13.6m |
| Net per share | 0.68 | 0.59 |

**CERTAINTEED**
Building materials

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 278.7m | 221.4m |
| Net profits | 8.1m | 2.3m |
| Net per share | 0.40 | 0.09 |

**COLT INDUSTRIES**
Industrial machinery

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 409.4m | 365.1m |
| Net profits | 22.6m | 16.2m |
| Net per share | 1.35 | 0.86 |

**DOW JONES**
Business publishing, newspapers

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 228.7m | 198.2m |
| Net profits | 30.8m | 25.6m |
| Net per share | 0.48 | 0.37 |

**FIRST CITY FINANCIAL**
Financial services

| First quarter | 1984 C$ | 1983 C$ |
|---|---|---|
| Revenue | [illegible] | [illegible] |
| Net profits | 1962,000 | 1.3m |
| Net per share | 10.12 | 0.33 |

† Loss

**FLEET FINANCIAL GROUP**
Banking and finance

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Net profits | 14.7m | 10.9m |
| Net per share | 1.78 | 1.64 |

**GAF**
Building materials

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 165.8m | 162.5m |
| Net profits | 7.4m | 2.2m |
| Net per share | 0.46 | 0.16 |

**GANNETT**
Newspapers, broadcasting

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 425.5m | 386.8m |
| Net profits | 34.3m | 29.1m |
| Net per share | 0.44 | 0.40 |

**GENERAL TIRE**
Chemicals, tires

| First quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 480m | 448.9m |
| Net profits | 1.7m | 19.1m |
| Net per share | 0.08 | † |

† Loss

**MARRIOTT**
Hotels, food service

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 743.9m | 635m |
| Net profits | 23m | 18.2m |
| Net per share | 0.83 | 0.70 |

**NATIONAL MEDICAL ENTERPRISES**

| Third quarter | 1983-84 $ | 1982-83 $ |
|---|---|---|
| Revenue | 532.9m | 554.6m |
| Net profits | 34.3m | 34.3m |
| Net per share | 0.44 | 0.38 |
| Nine months | | |
| Revenue | 1.63bn | 1.52bn |
| Net profits | 36.7m | 98.01m |
| Net per share | 1.25 | 1.12 |

**RED BANCORP**
Banking

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Net profits | 20.6m | 18.5m |
| Net per share | 1.73 | 1.40 |

**OWENS CORNING FIBERGLAS**
Glass fibre maker

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 884.2m | 699m |
| Net profits | 20.7m | 8.8m |
| Net per share | 0.70 | 0.21 |

**OWENS-ILLINOIS**
Glass container maker

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 842.6m | 832.8m |
| Net profits | 18.2m | 5.6m |
| Net per share | 0.67 | 0.26 |

**PABST BREWING**
Brewing

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 178.8m | 160.7m |
| Net profits | 528,000 | 1.2m |
| Net per share | 0.13 | 0.05 |

**REPUBLICBANK**
Parent of RepublicBank Dallas

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Assets | 19.4bn | 16.9bn |
| Net profits | 29.7m | 30.6m |
| Net per share | 1.05 | 1.26 |

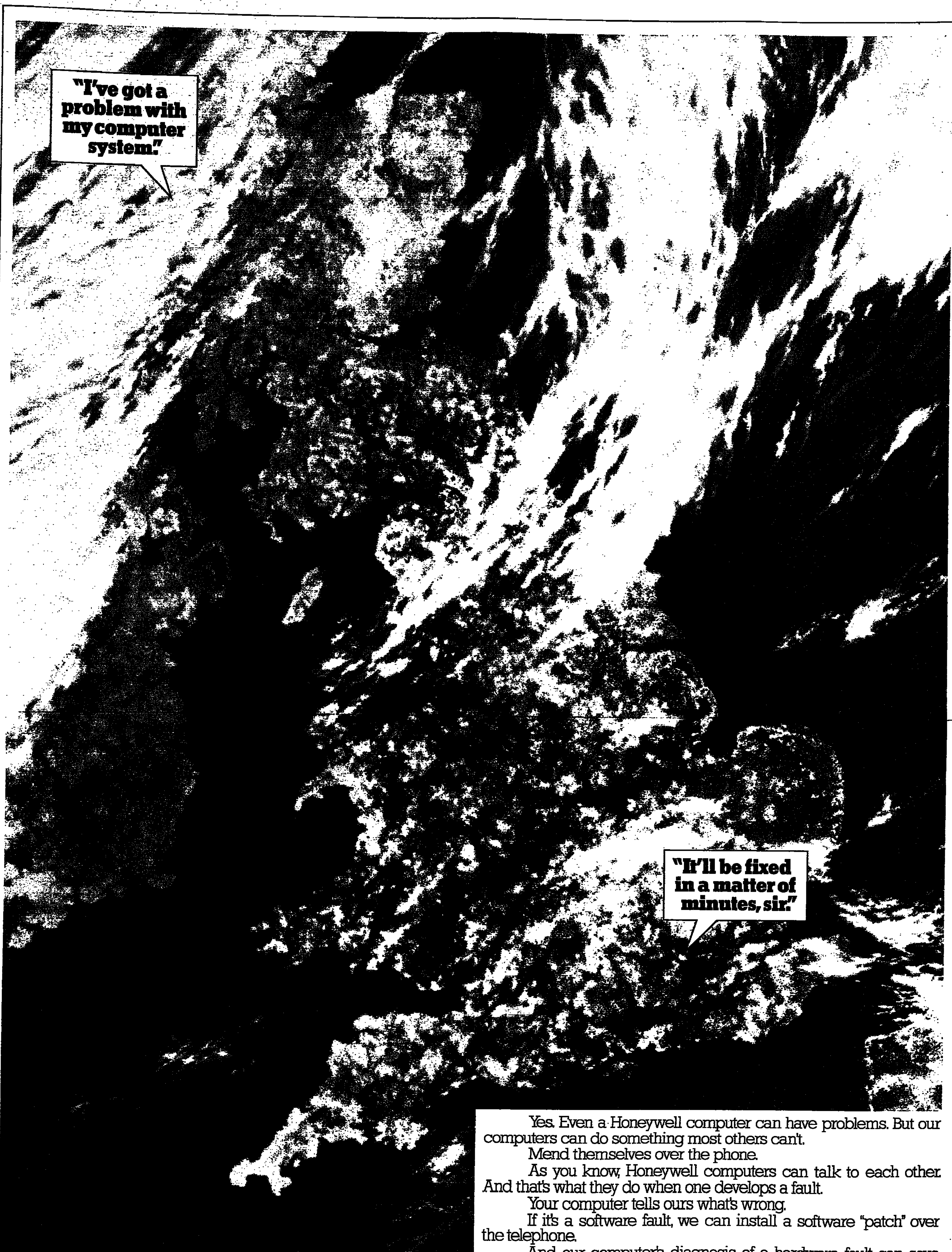
**ROADWAY SERVICES**
Freight line

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 312.1m | 287.3m |
| Net profits | 22.6m | 17.7m |
| Net per share | 1.02 | 0.86 |

**ROWAN COMPANIES**
Oil and gas drilling

| First quarter | 1984 $ | 1983 $ |
|---|---|---|
| Revenue | 38.3m | 54.6m |
| Net profits | 5m† | 14.3m |
| Net per share | 0.097 | 0.27 |

† Loss


"I've got a problem with my computer system."
"It'll be fixed in a matter of minutes, sir."

# UK COMPANY NEWS

## Currys tops £22m and raises total

PRE-TAX profits of the Currys Group rose by £7.56m to a record £22.52m over the 12 months ended January 25 1984 and the electrical appliance retailer is stepping up its dividend from 6.75p to 8.1p net with a final of 6.7p.

Turnover for the year advanced by 16.8 per cent to £343.33m (£293.87m) and trading profits moved ahead from £25.76m to £28.62m before taking account of a £7.47m (£11.3m) increase in the provision for unmatured profit on credit trading.

Pre-tax profits were struck after deducting £2.09m (£559,000) net interest charges and adding in a £3.45m (£1.17m) surplus from property sales.

Buoyant trading continued in the second six months, but as the year progressed it became more difficult to produce volume increases. In common with a number of other retailers, Currys found sales in January a little disappointing, with sales per branch being only marginally above the high figures of the previous year.

Video recorders have lost some of their novelty value and are settling down to become a steady contributor to profits.

Microwave cookers and home computers showed substantial growth over the year.

Expansion over the year, in retail sales, hire purchase and leasing to third parties, increased net borrowings to £22m. This trend will continue for a year or so but the directors expect to have a regular and increasing net inflow of cash.

During 1983-84 the group opened 33 new premises, of which 11 were in fresh locations. The remainder were moves into larger, more suitable premises.

The group now has a total selling area of 742,000 sq ft, an increase of 6.2 per cent over last year. During the same period it agreed terms for the acquisition of 60 new properties, either in new towns or for relocations.

Some of these opened during the past year, but over 40 should open during the current year together with a proportion of those which the group agrees to take this year.

The unmatured profit provision represents gross profit and interest on credit trading accounts which are not taken into profit until cash instalments are received.

The credit trading balances amount to £45.38m (£36.5m) after the provision for unmatured profit carried forward of £32.01m (£24.54m).

Tax for the year took £9.12m (£5.34m) to leave available profits of £13.4m, compared with £9.73m.

Earnings totalled 28.9p (20.6p) per 25p share.

During 1982-83 there was a substantial change in the pattern of business with the year on year rate of increase being much better in the second half than in the first.

For the second half of 1983-84 pre-tax profits amounted to £13.15m. In the opening half they totalled £9.36m.

See Lex

### HIGHLIGHTS

Lex contemplates events in the market yesterday where share prices started to react to growing concern over the implications of the miners' strike before moving on to the Government's slow start to the funding programme. On the corporate front Laporte has pulled off an impressive deal which injects £90m of cash and improves earnings as the group steps out of a cyclical industry almost at the peak. SCM Corporation which is buying Laporte's titanium dioxide business is a diversified conglomerate keen to develop a world role in commodity pigment production. Finally Lex comments on the latest figures from Currys where a 37 per cent profits rise could not halt a slide in the share price.

## Bowthorpe well ahead: further growth seen

Bowthorpe Holdings, the electrical and electronic group, achieved record results for the eighth successive year in 1983 and is lifting its dividend from 4.041p to 4.682p net by an increased final of 2.842p.

With turnover ahead by 19.8 per cent to £87.21m (£72.79m) profits rose to £15.25m at the pre-tax level, an improvement of 22.8 per cent over the £12.42m returned for 1982.

Although it is too early to predict the outcome for the current year the directors anticipate that on present trends 1984 will prove to be a further record for the group both in sales and profit.

The increase in the results of the past year partly reflected an upturn in the UK economy. Sales and profits for the second six months were ahead of those of the opening period, with the UK companies continuing to progress.

Sales of the UK subsidiaries at £42.44m showed an improvement of 11.9 per cent over those of 1982 and pre-tax profits accounted for 58.1 per cent (62.3 per cent) of the group's total.

Sales of the overseas companies hit a record £44.77m and pre-tax profits improved by 64.8 per cent in the year.

Exports by UK companies were lower at £8.75m (£9.3m) reflecting the policy of overseas manufacture in selected areas.

Group trading profits expanded from £10.89m to £12.97m. This was arrived at after crediting £1.41m (£650,000) in respect of the Hellermann Deutsch consequential loss claim. A further £1.13m will be credited in 1984.

Pre-tax profits included a £462,000 (£1.08m) share of related companies' profits and interest receivable and similar income of £1.81m (£446,000).

Tax accounted for £1.15m more at £6.79m and minorities took £299,000 (£234,000).

Below the line there was an extraordinary debit of £2.77m (nil) being a provision resulting from the changes to capital allowances proposed in the Budget. This left available profits at £5.39m, compared with £6.54m.

● comment

Cash-rich Bowthorpe has again come through strongly at a time when UK trading conditions have been far from easy and the French associate continues to incur losses. Its success is based firmly on a diversified product strategy on the low-tech side of the electronics industry, a broad geographical spread and a cautious acquisition policy which accounts for all that income-generating cash. No details are given but the two new acquisitions Tempo and McGeoch probably brought in almost £1m between them. The former has helped Bowthorpe to complement its presence in the U.S. electronic systems market, which is now on a strong recovery trend. Germany has also improved sharply, thanks to rationalisation at Hellerman and increased market acceptance of the new cable connectors made by Wago. In the UK trading has been sluggish but an upturn since December suggests that recovery is starting to filter through. The only serious problem area is the French associate, where attempts to rationalise have been inhibited by restrictive legislation in that country; at best it could just break even this year. This puts only a slight dampner on the shares which get most of their support from the promise of acquisitions. At 278p, up 3p, the p/e is over 32 while the yield is 2.4 per cent.

## Baillie Gifford £10m subscription offer

BY ALISON HOGAN

EDINBURGH-BASED Baillie Gifford, which has over £750m of funds under management, is offering for subscription 10.8m shares at 100p per share in its new investment trust, Baillie Gifford Technology.

The company will raise £10.32m through the issue which has been underwritten by County Bank. Phillips & Drew, brokers to the offer, have already placed around 5m shares out of the 10.8m.

The directors of Baillie Gifford Technology will look at companies involved in robotics, telecommunications, artificial intelligence and computer graphics. They expect to invest all the funds within 18 months at the very latest. Because of the time lag, they are staggering payment of shares with 65p due on applications and the balance on November 2 1984.

About half the funds will go into quoted companies, mainly in the U.S. where the technology sector has been underperforming the market. Unquoted investments which will take longer to find, will be worldwide. Directors are particularly looking at Germany and Australia in addition to the more established markets of the U.S., the UK and Japan.

Mr Robin Menzies will head the management team. He has overall responsibility for managing Baillie Gifford technology investments. He will be assisted by Mrs Elizabeth Sharpe who will concentrate on UK companies and Mr James Ellison with special responsibility for the U.S.

The directors of the company have a wide experience of advanced technology between them, including Mr Clive Richards, chairman of Micro Business Systems, Dr John Gray, managing director of Lattice Logic, which is involved with semi conductor design automation and Dr Kenneth Blad, founder and general partner of a U.S. venture capital firm Oxford Partners.

The shares of 100p include a warrant in respect of every 5 ordinary shares to subscribe for one share on May 31 in any of the years 1985 to 1995.

The offer for subscription closes on Tuesday May 10.

● comment

Baillie Gifford's Japan Trust with a major exposure to advanced technology sector stocks was the best performing investment trust in the UK in 1983 so the decision to launch a more general Baillie Gifford Technology Trust deserves careful consideration. With Japan technology stocks now rather overvalued, widening the scope geographically is a sensible strategy. The specific areas of advanced technology including robotics, and artificial intelligence are areas in which the management team have considerable experience and contacts. They expect to make approaches direct to companies, not through intermediaries. The brokers had no trouble arousing interest from institutions and the remaining shares should be snapped up.



## £1.2m profit and 0.5p dividend by Raybeck

THE UPTURN in retail activity and the changes made within the Raybeck clothing manufacturing and retailing group are reflected in the results for the 39 weeks ended January 28 1984. These show a profit of £1.21m, compared with a loss of £457,000 in the previous year and, as an expression of their confidence, the directors are recommending a dividend of 0.5p for the period, double that of 1982-83.

Mr Ber Raven, chairman, says trading performance has improved compared with the previous year, and he is particularly pleased with the introduction of the Detroit stores, which represent the changing image of Lord John towards a more casual style.

Berkertex has been rationalised and its retail business is also attracting a younger age group, and Mr Raven is confident this will produce better results.

Turnover in the period came to £59.88m, compared with £88.02m in the previous year. The profit included £157,000 (£973,000) surplus on property disposals. After tax £168,000 (£639,000 credit) the net profit was £1.05m (£182,000) for earnings of 2.37p per share.

Resulting from the disposal of Davies and Field and the purchase of Alfred Young, there were extraordinary charges of £1.47m (£1.74m) not reflected in the figures.

The extraordinary charge for 1982-83 largely reflects the estimated costs of closing Bourne and Hollingsworth to the extent not previously provided, and provision for trading losses expected to the date of closure, after taking account of the £400,000 receivable for the surrender of the company's interest in the lease.

● comment

The last quarter of Raybeck's reporting periods to the end of April tended to be broadly neutral so yesterday's £1.05m profit, excluding property trading, is fairly representative of a *normal* full year. The £2½m turnround must largely be laid at the now closed doors of Bournes. Though not disclosed, some estimates suggested Bournes' trading losses were running close to £2m a year before the department store shut for the last time. The recovery left the shares down 1p at 46p *as the result was no better* than most had anticipated and actually disappointed one or two. Still the important point is that Raybeck is making a profit again and even if the margin is but a shadow of its former self, at least the group is no longer in danger of bleeding to death. The balance sheet is sound with only £2¼m of *debt and interest* charges are running at no more than £0.4m a year. Trading prospects are more problematical. While senior management struggled with its Oxford Street department store its traditional High Street fashion chains suffered from partial neglect. That must be rapidly remedied. The launch of "Detroit" — *aimed at* a younger market — is a step in the right direction, but the platform for expansion is only in the first stages of construction. Raybeck still has a lot to prove after the past few years.

### UK Property

*Taxable profits of UK Property* Company rose from £204,000 to £1.09m over the half year to September 30 1983. Interest charges accounted for £775,000, compared with £847,000. The company is a subsidiary of British Land.

## Steady progress at Bryant as profits pass £4.7m mark

AN INCREASE from £3.42m to £4.73m in pre-tax profits is reported by *Bryant Holdings*, the West Midlands-based property investment, homes and property development and construction company for the half-year to November 30 1983.

Turnover rose from £41m to £55m, and operating profits improved from £2.59m to £3.54m. Net property revenue was higher at £902,000 compared with £854,000, and share of associates' profits were considerably higher at £290,000 against £27,000.

The directors consider it is desirable that the interim dividend should, in future, comprise a somewhat higher proportion of the total dividend for the year *than hitherto, in addition* to reflecting the profit for the half year.

They have, therefore, declared a net interim of 1p (0.55p)—last year a total of 2.2p was paid from pre-tax profits of £7.74m.

It has been a difficult period for property investment and development in the UK generally. The strength of the equity market provided a magnet for institutional finance and as a result, investment property has taken second place.

However, from Bryant's own property portfolio the net rental income has again increased. In addition, the board anticipates a surplus on the investment property revaluation at the year-end.

In the construction division, the group saw an improvement in both turnover and profit. In homes development, its policy of marketing a quality product has been successful in what again proved to be demanding circumstances.

Since November, add the directors, the economic climate has improved at the same time as building societies have become flush with funds. They view the future with optimism.

Earnings per 25p share rose from 3.2p to 3.8p.

DIVIDENDS ANNOUNCED PAGE 23

● comment

Bryant has combatted the effects of fierce competition among the private housebuilders with a new emphasis on marketing which has generated a sharp increase in turnover. Its profit margins have been maintained by increasing the traditional commitment to the middle to top end of the market—cutting exposure at the cheaper end from 25 per cent of sales to about 15 per cent. By *building on good sites to high* standards, Bryant continues to make money in the depressed West Midlands, while slowly spreading activities in the South East. The problem that the company shares with other housebuilders is increasing land prices in this area—but Bryant at least has the advantage of gearing of *only 16 per cent, which is* expected to fall further by the end of this year in May. Performance in the second half is running in line with the first; on this basis £9.5m pre-tax is easily within reach. With the shares unchanged at 68p, the prospective p/e is just under 9, assuming a 35 per cent tax charge, which is substantially higher than last year's 28 per cent because of the end of stock relief announced in the Budget.

## York Trailer £0.5m in black

AS A result of tight management controls rather than easy sales in a buoyant commercial market, York Trailer Holdings has turned in a profit of £506,825 for 1983, compared with a loss of £30,848.

Mr F. W. Davies, chairman, says that with the debt to equity ratio down to pre-depression levels, the resumption of dividends is drawing closer. If profits are still holding through 1984 and sales trends stay up, the directors hope to start paying some of the preference dividend arrears. At the year-end they amounted to £469,523.

Subject to the overall national industrial scene, the company is on course for still more progress to prosperity in 1984, the chairman forecasts. The basis for this is merely a modest sales increase coupled with a continuance of the tight cost controls.

The objective now is to build on the recovery by improving return on capital employed at various locations. Particular scope rests in sundry valuable properties surplus to needs both in the UK and Holland, the saleability of which should increase in line with a general trade revival.

The chairman tells shareholders that high on 1983 achievements was the reduction of group total debt to 52 per cent of their funds, and only 30 per cent if account is taken of property values surplus to book figures. Total borrowings in the year fell from £3.43m to £2.08m.

Turnover of the group, which is 60 per cent owned by York Transport Equipment of Canada, rose from £21.04m to £23.42m, and the operating surplus from £556,885 to £813,289. Interest charges were cut to £306,464 (£587,733). Earnings were 3.18p (loss 1.7p). Last year there was an extraordinary credit of £268,000.

In 1983 the group absorbed further redundancy costs at the Harelaw, Co. Durham, plant of Anthony Carrimore. Also it absorbed the cost of moving body and car transporter production to Northallerton.

Late in the year the directors committed the company back to renewed growth, as well as to the economies of consolidation, by reopening and refurbishing that half of the big Northallerton plant which had remained closed through the depression. The cost of this was also absorbed.

Sales and profits were aided to some extent by the introduction of products outside of the competitive mainstream. Most important was the York Thermovan, a mobile cold storage unit employing entirely new techniques in trailer design. York also returned to the business of manufacturing motorcar transporters.

Exports collapsed in the past year. Buying all but ceased in the oil-related countries of the Middle East and a virtual dry-up on imports into most African countries has prevailed for several months. As a result York exports fell from 34 per cent of total sales to 18 per cent. The one bright aspect is that over 40 per cent of all trailer exports from the UK in 1983, were from York.

## Wace deficit is greatly reduced

PRE-TAX losses of Wace Group have again been reduced and figures for 1983 show £185,000, against £361,000. At the interim stage, the deficit was reduced from £312,000 to £85,090.

The board proposes to raise approximately £610,000 net by way of an underwritten rights issue of 3,280,421 ordinary shares at 20p on a one-for-one basis.

No dividend is again payable—the last payment was a final of 0.72p in June 1981.

Turnover of the group, which serves the needs of the advertising, printing and graphic arts industries, was lower at £4.48m, compared with £5.19m. There was an operating profit of £274,000 (£139,000), but at the pre-tax level, losses emerged after exceptional expenditure of £303,000 (£312,000) and interest charges of £156,000 (£188,000). No tax was payable—last time there was a credit of £19,000.

There were extraordinary credits of £108,000 (nil), and these comprised profit on the sale of premises, £13,000, and surplus on the revaluation of plant, £90,000.

Against this, however, there were extraordinary charges of £101,000 (£147,000), being the cost of redundancies after closing the Yorkshire subsidiary; £42,000 (£77,000), additional depreciation £45,000 (£31,000), other costs £3,000 (£39,000) and loss on the sale of plant, £11,000 (nil).

The board has implemented a substantial rationalisation programme and has taken steps to extricate the company from the loss-making subsidiaries.

During the last five years, the group has halved its staff and reduced space required by two-thirds, and further economies are being achieved in the Birmingham subsidiary.

The directors feel that the measures taken have left the company in a stable position with all operating subsidiaries capable of making profits; that the disposal and rationalisation will leave the company with a satisfactory business base.

Concerning the proposed rights, undertakings to take up the issue have been given by certain directors and their *families* in respect of their beneficial entitlements to 248,705 new ordinary (7.6 per cent). Miss J. Wright and Mr Michael Clark have undertaken to subscribe for their beneficial entitlements.

The balance of the issue, amounting to 2,255,815 (68.8 per cent) new ordinary, has been underwritten by the company's stockbrokers. Miss Wright will act as principal sub-underwriter of up to 1.45m new ordinary, and Mr N. H. Castle, the chairman, has agreed to sub-underwrite up to 16,000 new ordinary.

## COMPANY NEWS IN BRIEF

In the six months to September 28 1983, taxable profits at Land Investors, property developer, rose to £1.58m against £1.51m for the comparable period. An unchanged interim dividend of 0.2p is proposed. *Last year's total* was 1p.

From a lower gross rental income, £2.37m against £2.55m, the company paid increased tax of £791,000, against £783,000. An extraordinary credit of £1.03m, representing the surplus gained on disposal of investment properties, was transferred to reserves (£511,000). Earnings per share were 0.81p (0.74p).

To date the company has sold or contracted to sell properties to the value of around £6m, but there will be no *material* effect on the results or net assets for the current year. The proceeds will go to the redemption of a £1.5m mortgage, continuing refurbishment and acquisitions.

* * *

Taxable profits at Viking Resources Trust, the investment trust which specialises in oil and *gas exploration companies*, increased from £714,000 to £737,000 in the year ending March 31 1984. The dividend is being increased from 0.9p to 1p net by a final of 0.6p.

Gross income was £2.7m, substantially increased from £1.58m. After £1.96m (£863,000) for interest and expenses and £329,000 (£332,000) tax, earnings per share were 1.02p (0.95p). Net asset value per 25p share was 117.86 (99.02p).

Oil and Gas Assets of the U.S., in which Viking has a 50 per cent interest, has progressed satisfactorily. It offers a direct opportunity for investment in oil and gas exploration in the U.S.

* * *

The net asset value at close of business on April 14 of Winterbottom Energy Trust was 104.4p after deduction of prior charges at par, and 106.4p after deduction at market value.

* * *

Taxable profits at Johnsen & Jorgensen Packaging rose by 10 per cent in the year 1983 to £827,000 against £751,000. This compares with the directors' forecast of not less than £750,000 when the company came to the USM last December.

There will be a lower dividend of 2.15p, against 2.75p, to give a total of 3.15p (3.75p). The *USM listing increased the company's* total number of shares from 5m to 6.57m.

Turnover was up from £9.07m to £9.63m. Increased tax charges of £355,000 against £79,000, and minorities of £15,000 (nil), left an attributable £457,000 against £672,000.

The company has benefited from an improvement in orders in the first part of the current year, and expects that this "encouraging start" will continue for the remainder. The board has approved a further £1.05m *of capital expenditure*.

* * *

Pre-tax profits of Sunleigh Electronics for 1983 were better than expected and at £401,880, compares with a loss of £30,660 in 1982. The directors say the 1982 figure was distorted by the payment of directors' remuneration which exceeded the amounts due under *the present* service contracts by £397,000.

At midyear, profits amounted to £177,000 and with the group traditionally making more in the first six months, figures for the second half were not expected to match these.

*Earnings for the year emerged* at 1.09p (0.05p) and a dividend of 0.245p is proposed. Directors are waiving their entitlement to dividends on the 13,896,666 shares they hold. This money (£34,047) will be retained in this USM company to finance future growth.

Currently, the group has a *high level of orders*

# Direct banking, worldwide

## Comments by the Chairman, The Rt. Hon. Lord Barber

The trading profits of the Bank and its subsidiaries for the year ended 31 December, 1983, including the Bank's share of associated companies' profits, amounted to £308 million. After deducting interest on loan capital the profit before taxation was £268 million, compared with £242 million in 1982.

This increase in pretax profit of 11 per cent over the previous year reflects a reasonable overall performance when account is taken of the difficult world trading background, which resulted in a significantly higher level of bad debt provisions against the loan portfolio, the amount rising from £83 million to £134 million. The net effect of exchange movements on profits was almost neutral.

After deduction of taxation and minority interests, the profit attributable to shareholders excluding extraordinary items amounted to £114 million. On the basis explained in the notes to the accounts, the calculation of earnings per share takes into account the rights issue of last May, and amounts to 77.1 pence per share for the year, compared with 85.7 pence per share in the previous year.

Arising from the Chancellor's proposed changes, the Bank has decided to make full provision for deferred taxation on United Kingdom equipment leasing; consequently, a charge of £36 million has been included in extraordinary items. This is partly offset by a profit of £24 million following the sale of a major office building in California.

**Shareholders' Funds now £1,270 million**

An interim dividend of 9.5 pence per share was paid in October and the recommendation of the Board is for a final dividend of 18.5 pence. The total payment for the year of 28 pence per share on the capital as increased by the rights issue is covered 2.8 times by earnings.

In May shareholders provided £98 million net of expenses in new equity by way of a rights issue. In November US$200 million of subordinated capital debt was raised by an issue of floating rate notes and the proceeds were received in early January 1984. Capital resources were also augmented by retained profits before extraordinary items of £70 million. These developments have enabled the Group to sustain a continuing large investment programme in buildings and equipment, as well as to support further growth in our various banking businesses. The continuing need to maintain our capital ratios is well before us and further surplus asset disposals will take place.

By the end of 1983 total shareholders' funds stood at £1,270 million and total capital employed in the Group, including loan capital and minority interests, amounted to £1,919 million.

In 1983 the Group encountered widely varying business conditions as the world emerged from the depths of the recession. In some areas the Group achieved encouraging gains and, among these, it is particularly pleasing to record the strong performance of the subsidiaries in South Africa and California; this reflects much credit on the efforts of the local management in these highly competitive markets.

Confidence factors dominated the banking sector in Hong Kong last year and we had to make substantial provisions in respect of some manufacturing companies which were damaged by the property market situation. However, there was an impressive 26 per cent increase in exports in 1983 which is remarkable evidence of the Hong Kong economy's resilience and adaptability in responding to opportunity. In Malaysia and Singapore, where trading performance was rather flat, results were enhanced by exchange rate movements, as compared with 1982.

I have already referred to South Africa. In the rest of Africa good trading results were diminished on translation into sterling by a number of currency devaluations, as several Governments strove to implement policies of adjustment to a more difficult external environment.

**Capital Resources now £1,919 million**

In the United Kingdom our wholesale businesses in the City had a successful year and Chartered Trust swung back into profit. However, our regional commercial banking performed poorly, incurring heavy provisions, and steps are being taken to improve it. Following the acquisition of the outside shareholdings in Midland and International Banks, a Private Act was passed to enable MAIBL to be merged with Standard Chartered Merchant Bank with effect from 31 December, 1983, thus creating one of the largest merchant banks in the City.

Towards the end of last year we announced our intention of applying to join the Bankers Clearing House. We have since agreed to a temporary deferment of our application because the Clearing Banks first wish to undertake a thorough review of the implications of wider membership. We will be co-operating fully with this enquiry which is of considerable significance for the future of domestic banking in this country.

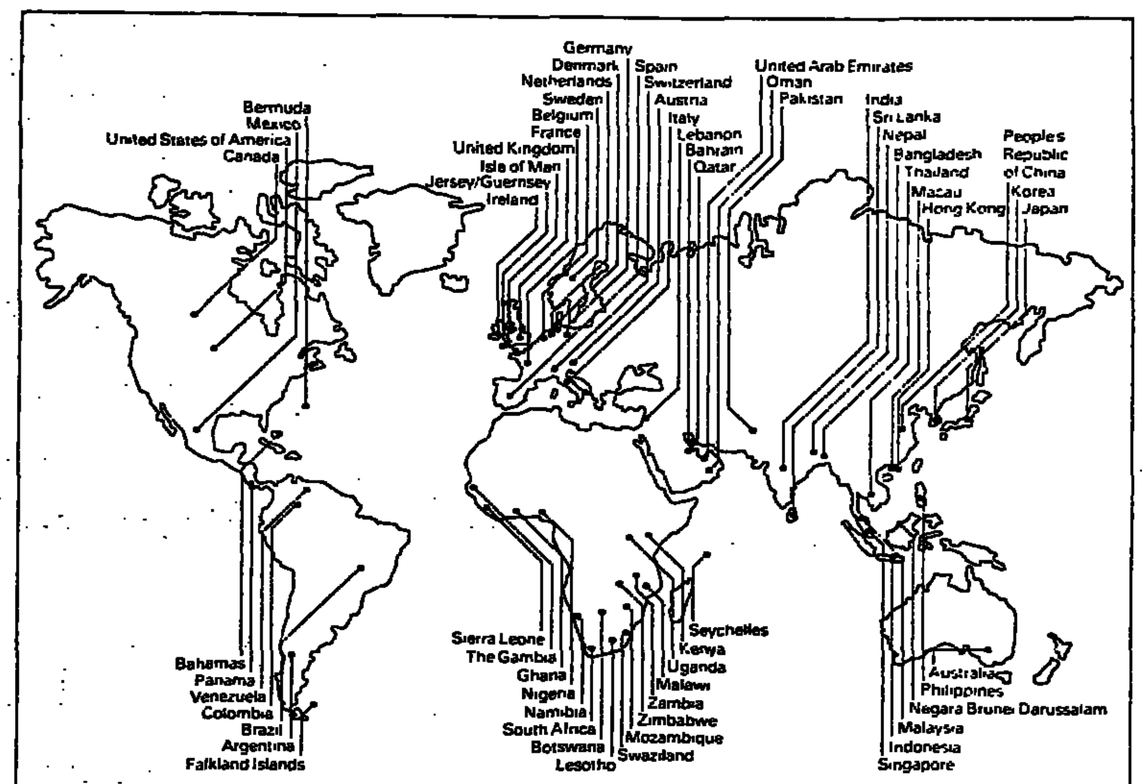
Shareholders will need no reminder of the problems facing the international community as a result of debt servicing difficulties facing many sovereign borrowers. So far the problems have been contained, in that no major debtor has been confronted with a total withdrawal of credit. On the positive side, several countries have begun to make progress in improving the balance of their external accounts. Encouraging also is the greater readiness of Governments, in advance of trouble, to approach the International Monetary Fund and commercial creditors for an orderly rearrangement and refinancing of debt.

**Total Assets now £28,917 million**

The IMF, in association with the World Bank, deserves great credit for the very positive attitude which these institutions have adopted. Not only have they met emergency calls on their resources but they have succeeded in mobilising the commercial banks to maintain adequate credit flows in an environment of increased risk, thus helping to ensure the success of the longer term programmes of adjustment.

While the progress made is encouraging there is certainly no cause for complacency. All the world's major banks operating in the international market will have to carry refinanced debt for several years as well as contributing new loans to sovereign borrowers until more stable payments positions are achieved. Standard Chartered Group will continue to assist in this readjustment process as well as participating in the financial arrangements needed to further the economic development of the many countries where we have a presence.

Plans to reorganise the Standard Chartered Group, so that "Standard Chartered" becomes the name of the Bank as seen by the public more widely around the world are in hand and are expected to be well advanced by the end of 1984.



2,000 offices in over 60 countries

**Standard Chartered**

Copies of the Report and Accounts and of the Chairman's Statement may be obtained from:
The Secretary, Standard Chartered Bank PLC, 10 Clements Lane, London EC4N 7AB.

A copy of this prospectus, having attached thereto the documents specified below, has been delivered to the Registrar of Companies in Edinburgh for registration. Application has been made to the Council of The Stock Exchange for admission to the Official List of the Ordinary Shares of 25p each of Baillie Gifford Technology PLC ("the Company") issued and now being issued, and the warrants attached thereto ("the Warrants") when detached. This prospectus includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or of opinion. All the Directors accept responsibility accordingly.

**No allotment will be made of the Ordinary Shares now being offered, and no action will be taken on any application, until 10 a.m. on Tuesday, 1st May, 1984. The application lists may be closed at any time thereafter.**

# Baillie Gifford Technology PLC

*Incorporated in Scotland under the Companies Acts 1948 to 1980*

# Offer for Subscription

## of 10,800,000 Ordinary Shares of 25p each (with Warrants attached) at 100p per share

payable as to 65p per share on application and as to the balance on 2nd November, 1984

**Underwritten by**

## COUNTY BANK LIMITED

## SHARE CAPITAL

| Authorised | | Issued and to be issued |
|---|---|---|
| £3,300,000 | in 13,200,000 Ordinary Shares of 25p each | £2,750,000 |

The Warrants carry subscription rights exercisable on 31st May in any of the years 1985 to 1995 at 100p per Ordinary Share.

The Directors have been informed by Phillips & Drew, the brokers to the Offer, that applications are expected to be made for a total of 8,050,000 Ordinary Shares (with Warrants attached). Such applications will be accepted in full.

## DIRECTORS AND ADVISORS

**Directors**
CHARLES FREDERICK SLEIGH, C.A., T.D., *(Chairman)*, Binny Bridge, Ecclesmachan, West Lothian.
DR. JOHN PETER GRAY, 9 Wemyss Place, Edinburgh.
ROWAN ROBIN MENZIES, 36a Drummond Place, Edinburgh.
ANGUS GEORGE MILLAR, 94 Murrayfield Gardens, Edinburgh.
WILLIAM SAMUEL CLIVE RICHARDS, F.C.A., Houndsell Place, Mark Cross, Sussex.
DR. KENNETH WILLIAM RIND (USA), 72 Cummings Point Road, Stamford, Connecticut, USA.

**Investment Managers, Secretaries and Registered Office**
BAILLIE, GIFFORD & CO., 3 Glenfinlas Street, Edinburgh EH3 6YY.

**Bankers**
THE ROYAL BANK OF SCOTLAND plc, P.O. Box 412, 24 Lombard Street, London EC3V 9BA.

**Receiving Bankers**
COUNTY BANK LIMITED, New Issues Department, P.O. Box 79, 2 Princes Street, London EC2P 2BD.

**Registrars and Transfer Office**
THE ROYAL BANK OF SCOTLAND plc, P.O. Box 27, 34 Fettes Row, Edinburgh EH3 6UT.

**Underwriters to the Offer**
COUNTY BANK LIMITED, *11 Old Broad Street, London EC2N 1BB.*

**Brokers**
PHILLIPS & DREW, 120 Moorgate, London EC2M 6XP.

**Solicitors**
*To the Company:*
BIGGART BAILLIE & GIFFORD, W.S., 3 Glenfinlas Street, Edinburgh EH3 6YY.
*To the Underwriters:*
HERBERT SMITH & CO., Watling House, 35-37 Cannon Street, London EC4M 5SD.

**Auditors and Reporting Accountants**
ARTHUR YOUNG McCLELLAND MOORES & CO., *Chartered Accountants, 17 Abercromby Place, Edinburgh EH3 6LT.*

## INTRODUCTION

The Company has been formed as an investment company. Its object is to achieve capital growth by investing on a worldwide basis in unquoted and quoted securities of companies whose businesses are principally related to the application of advanced technology.

Many such companies have experienced a dramatic increase in demand for their products and services as a result of the falling cost and increasing computing power of semiconductor devices. Although competition can be intense in terms of price and the rate of introduction of new products and services, the Directors believe many attractive investment opportunities can be found, particularly in companies involved in robotics, telecommunications, artificial intelligence and computer graphics.

The Directors believe that investment in a carefully selected portfolio of advanced technology companies will produce above average long-term capital appreciation.

Although no commitments have been made to invest on the Company's behalf, the Directors are confident that the knowledge and contacts of Baillie, Gifford & Co. ("Baillie Gifford"), the Company's investment managers, will enable the Company to identify attractive opportunities within a reasonable period after this offer. It is anticipated that investments in quoted companies will comprise approximately half the portfolio and these will be made shortly after the Company has received the initial proceeds of this offer. The balance will be invested in unquoted companies which require more time to identify and appraise than quoted companies. To reflect this anticipated pattern of investment the Ordinary Shares to be subscribed under this offer will be partly paid for six months.

## INVESTMENT POLICY

**Portfolio composition**
The Directors do not intend to restrict either the proportion of the Company's portfolio invested in any one country or the proportion invested in unquoted securities. Nevertheless it is anticipated that, when the Company's funds are fully invested, unquoted securities will comprise approximately half its total portfolio, which will include some 50 investments, with the greatest amount invested in the USA, followed by the UK and Japan. It is the intention of the Directors that, save in exceptional circumstances, no single investment will, at the time of acquisition, represent more than 10 per cent. of the Company's gross investment fund. Stock market conditions will be kept under review and it may, from time to time, be appropriate for a proportion of the portfolio to be held as liquid funds.

**Nature of investments**
Investments will be made in companies which already have an appropriate management structure, but which may be at various stages of development, from start-up to maturity. Although the Company may in certain instances, seek Board representation, it will not take controlling interests or management control. In the case of unquoted companies, further injections of capital may be required before their securities can be traded on recognised stock exchanges.

**The market in high technology stocks**
Over the last few months, the share prices of many quoted US technology companies have fallen significantly, while those of similar British and Japanese companies have performed well. The Directors believe that this fall in values presents attractive buying opportunities and they anticipate, therefore, that the largest part of the Company's investment in quoted companies will initially be in the USA.

As a result of reduced investment demand there has also been a significant fall in the prices at which shares in many unquoted US companies have been offered thus providing attractive investment opportunities there. The Directors also believe that there are attractive investment opportunities in unquoted companies in the UK and elsewhere, and they accordingly anticipate that initially the unquoted section of the portfolio will be more evenly spread than the quoted section.

**Status**
The Directors intend to comply with the regulations of The Stock Exchange on investment companies. These regulations require that not more than 20 per cent. of the Company's gross investment fund may be represented by an investment in any one enterprise at the time that such investment is made. Furthermore, the Directors intend that the Company shall qualify as an approved investment trust within the meaning of section 359 (as amended) of the Income and Corporation Taxes Act 1970, and accordingly no holding in any one company (other than a company which is for the time being an investment trust) may represent more than 15 per cent. by value of the Company's investments at the time the investment is acquired.

**Borrowings**
Although the Company's articles of association contain borrowing powers, it is not the present intention of the Directors that the Company should borrow any significant sums of money.

**Foreign exchange**
The Company may cover its foreign exchange exposure from time to time, as the Directors consider appropriate.

**Future investment policy**
The Directors do not intend altering any aspect of the Company's investment policy as set out in this prospectus for a period of at least three years from the date hereof.

## INVESTMENT MANAGEMENT

**Baillie Gifford**
The Company has entered into an investment management agreement with Baillie Gifford, a partnership which (together with its predecessor firm) has specialised in the management of stock exchange investments since 1908. On 2nd April, 1984, it had funds under management in excess of £750 million, including the assets of five quoted investment trust companies, namely The Scottish Mortgage and Trust PLC, The Monks Investment Trust PLC, The Winterbottom Energy Trust PLC, The Baillie Gifford Japan Trust PLC and Mid Wynd International Investment Trust PLC.

Of these companies, The Baillie Gifford Japan Trust PLC has most exposure to investments in the advanced technology sector, which accounted for over half the trust's initial portfolio. The trust was launched in December, 1981 at 100p a share and on 11th April, 1984 its middle market quotation as derived from The Stock Exchange Daily Official List was 273p. In the Association of Investment Trust Companies monthly statistics of management performance, it was the top performing investment trust for the 12 months to December, 1983.

**Record of unquoted investments**
Baillie Gifford has accumulated considerable experience in the identification and appraisal of unquoted companies which have proved to be profitable investments. It has extensive contacts in the areas of advanced technology in the USA, the UK and Japan and would expect to approach directly, rather than through intermediaries, those companies it had identified as being of interest for investment purposes.

**Investment Management continued**

Since the beginning of 1980 Baillie Gifford has made some thirty five investments in unquoted companies on behalf of its investment trust clients. Of these, eight are now traded on recognised stock exchanges, two have been written up to above cost, nineteen are valued at cost, two have been written down to below cost, three have been written down to zero and one sold for a nominal consideration.

Details of the eight unquoted investments which are now traded are as follows:

| *Name of company* | *Date of initial investment* | *Date of trading facility* | *Total amount invested (iii)* | *Realised profit* | *Unrealised profit as at 2nd April, 1984* |
|---|---|---|---|---|---|
| Nimslo plc | May 1980 | November 1981 (i) | £200,898 | £859,141 | — |
| Computer & Systems Engineering PLC | December 1980 | December 1981 (i) | £188,545 | £49,490 | — |
| International Signal & Control Group plc (ii) | January 1981 | October 1982 (i) | £287,921 | £720,257 | — |
| Diasonics Inc | May 1981 | February 1983 | £796,711 | £371,747 | £380,962 |
| Daisy Systems Corporation | July 1982 | June 1983 | £179,517 | £178,092 | £853,798 |
| Medical Care International | January 1983 | June 1983 | £195,121 | — | £75,568 |
| VLI Corporation | April 1983 | October 1983 | £97,182 | — | £157,584 |
| Micro Pro International Corporation | June 1983 | March 1984 | £285,056 | — | £213,145 |

*Notes*
(i) holding sold prior to flotation
(ii) original investment made in ESI London Limited which was subsequently acquired by International Signal & Control Group plc
(iii) includes participation in further capital raisings since initial investment.

## RISK FACTORS

Many of the companies in which the Company invests will, by the nature of the industries in which they operate, be exposed to the risk of changes in technology and, in many cases, to severe competition. Potential investors should, therefore, be aware of the risk associated with the Company's investment policy, although the number and spread of investments should reduce the degree of that risk.

## DIRECTORS AND MANAGEMENT

Brief particulars of the Directors of the Company and of the Baillie Gifford management team are given below:-

**Directors**

Mr. Charles Sleigh, C.A., the Chairman, is 54 years old and is a partner in Thornton Baker, Chartered Accountants. He is the chairman of Investors Capital Trust PLC and deputy chairman of Scottish Equitable Life Assurance Society. He was a non-executive director of Carron Co. (Holdings) PLC, where a receiver was appointed in August 1982.

Dr. John Gray is 41 years old and managing director of Lattice Logic Ltd., based in Edinburgh, a company engaged in the field of semiconductor design automation. Dr. Gray has held research posts at the Universities of Newcastle, British Columbia, and Edinburgh, where he is currently a visiting lecturer. From 1978 to 1980 he was Director *of the Silicon Structures Project at the California Institute of Technology. He has also* worked as a consultant to Xerox Corporation, Digital Equipment Corporation, and Inmos PLC.

Mr. Robin Menzies is 31 years old and is a partner in Baillie Gifford which he joined as an investment analyst in 1973 and where he now has overall responsibility for managing technology investments. He is a director of The Baillie Gifford Japan Trust PLC and of Venture Associates SA, a company specialising in venture capital investments in high technology companies in the USA.

Mr. Angus Millar is 55 years old and is senior partner of Baillie Gifford. He is a director of United Kingdom Temperance and General Provident Institution, Investors Capital Trust PLC and Mid Wynd International Investment Trust PLC.

Mr. Clive Richards, F.C.A., is 46 years old and is chairman of Micro Business Systems plc. He has had a widely based commercial career, which included positions as managing partner of Wedd Durlacher Mordaunt and Co., chief executive of Rothschild Investment Trust Ltd., and group finance director of NM Rothschild and Sons Ltd. In 1976, he established Clive Richards and Co., an independent investment company specialising in venture capital investment and financial services, particularly in advanced technology industries.

Dr. Kenneth W. Rind is 49 years old and is a founder and general partner of Oxford Partners, a U.S. venture capital firm with funds under management of over US$50 million. Prior to the inception of Oxford Partners, Dr. Rind was a principal of Xerox Development Corporation, which was responsible for the venture capital and acquisition activities of Xerox Corporation. After receiving his PhD. from Columbia University he was with Rockefeller Family and Associates and has also been a corporate finance partner of Oppenheimer & Co.

**Management**

Mr. Menzies will have overall responsibility for management of the Company's investments. He will be assisted in this by the two other members of Baillie Gifford's technology team, Mrs. Elizabeth Sharpe and Mr. James Ellison.

Mrs. Sharpe is 33 years old and will be responsible for quoted and unquoted investments in the UK and for research into areas of technology likely to be of importance in the future. She joined Baillie Gifford in December, 1983 after a period of eighteen months as an electronics analyst with Wood Mackenzie and Co. She had previously spent four years at the Scottish Provident Institution where she had been responsible for technology investments in the USA and the UK. She has an honours degree from St. Andrews University, a diploma in finance and accounting from Heriot-Watt University and is a Chartered Accountant.

Mr. Ellison is 28 years old and will be responsible for quoted investments in the USA and will assist in the investigation of all unquoted investments. He has been an investment analyst with Baillie Gifford since 1981 and has concentrated on technology investments for the last eighteen months. He has an honours degree from Cambridge University and combined post graduate work and teaching at Oxford University before joining Baillie Gifford.

**DETAILS OF THE OFFER**

It is proposed that the Company should raise the sum of £10,320,000 (after taking into account expenses) by the issue of 10,800,000 Ordinary Shares of 25p each (with Warrants attached) at 100p per share (including a premium of 75p per share) payable as to 65p on application and the balance on 2nd November, 1984. The Ordinary Shares now being offered, when fully paid up, will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company.

The persons in whose names the Ordinary Shares now being offered are first registered will receive Warrants conferring, in respect of every five Ordinary Shares so registered, the right to subscribe for one Ordinary Share on 31st May in any of the years 1985 to 1995 at 100p per Ordinary Share (subject to the usual adjustments). Until 2nd November, 1984, dealings in the Ordinary Shares (with Warrants *attached) will be in multiples of five Ordinary Shares only. Thereafter, Ordinary Shares* and Warrants will be dealt in separately. Full particulars of the Warrants are set out below.

## TAXATION

**General Considerations**
As mentioned above, the Directors intend that the Company shall satisfy the conditions for approval as an investment trust laid down in section 359 (as amended) of the Income and Corporation Taxes Act 1970 and will apply annually to the Inland Revenue for such approval. If approval is granted, the Company will not, as the law now stands, be liable to UK taxation on its capital gains, although shareholders may be liable to taxation on capital gains arising on the disposal of their Ordinary Shares and Warrants.

**Taxation aspects of Warrants**
The Directors have been advised that for the purposes of UK taxation of capital gains:

(a) the cost of subscribing for Ordinary Shares (with Warrants attached) will be apportioned between the Ordinary Shares and the Warrants on the basis of their respective values at the date of allotment of the Ordinary Shares, and the relationship between their values is expected to be close to that between the Ordinary Shares and the Warrants on the date when they are first dealt in separately;

(b) under section 138 of the Capital Gains Tax Act 1979, the Warrants will not constitute "wasting assets" and on their disposal (a term which includes abandonment) the full cost of the Warrants, calculated as above, will be allowed in computing any gain or loss; and

(c) the exercise by a holder of Warrants of his right to subscribe for Ordinary Shares will not be treated as a disposal of the Warrants; for the purposes of computing any gain or loss on a disposal of the Ordinary Shares so *subscribed, the original cost of the Warrants will be added to the subscription price.*

## ACCOUNTS

The accounting reference date of the Company is 28th February, and the first accounts will be made up for the period from 12th March, 1984 (the date of incorporation) to 28th February, 1985. All investments will be revalued annually for the purposes of the accounts.

## DIVIDENDS

The Company intends to derive its income wholly or mainly from shares and securities and will retain no more than 15 per cent. of its income from that source. Since many of the companies in which the Company will invest will be at the development stage, it is likely that revenue will be small, and maybe insufficient to cover expenses in which case no dividends could be paid for some years. It is intended however that substantially all the net revenue will be distributed in the form of a single payment made in June of each year.

The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 41 of the Companies Act 1980. The distribution as dividends of surpluses arising from the realisation of investments is prohibited by the Company's articles of association.

The Company will not distribute by way of dividend its share of retained profits of associated companies (if any).

## ACCOUNTANTS' REPORT

The following is the text of a report received from Arthur Young McClelland Moores & Co., Chartered Accountants, the auditors and reporting accountants.

The Directors,
Baillie Gifford Technology PLC,
3 Glenfinlas Street,
Edinburgh EH3 6YY.

17 Abercromby Place,
Edinburgh EH3 6LT.

13th April, 1984

Gentlemen,

We report that Baillie Gifford Technology PLC was incorporated on 12th March, 1984 and that since that date no accounts have been made up, no dividends have been declared or paid and the Company has not commenced its business.

Yours faithfully,

Arthur Young McClelland Moores & Co.,

Chartered Accountants.

**Appendix 1**

## PARTICULARS OF THE WARRANTS TO SUBSCRIBE FOR ORDINARY SHARES OF THE COMPANY

**1. Subscription Rights**

(a) A registered holder for the time being of a Warrant shall have rights ("subscription rights") to subscribe in cash on each "subscription date", being 31st May in any of the years 1985 to 1995 (or, if later, the date in any such year 30 days after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are dispatched to shareholders), for all or any of the number of Ordinary Shares of the Company specified in the Warrant at the price of 100p per Ordinary Share ("the subscription price"), payable in full on subscription. The number and/or nominal value of shares to be subscribed and the subscription price will be subject to adjustment as provided in paragraph 2(a) below.

(b) In order to exercise the subscription rights in whole or in part, the registered holder of a Warrant must lodge it at the office of the Registrars of the Company on or within 28 days prior to the relevant subscription date, having completed the notice of subscription thereon, accompanied by a remittance for the subscription price of the Ordinary Shares in respect of which the subscription rights are exercised. Once lodged, a notice of subscription shall be irrevocable save with the consent of the Directors. Compliance must also be made with any statutory requirements for the time being applicable. The subscription rights will not be exercisable in respect of a fraction of an Ordinary Share.

(c) Not earlier than six weeks nor later than four weeks before each subscription date the Company shall give notice to the holders of the outstanding Warrants reminding them of their subscription rights.

(d) Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted not later than 14 days after, and with effect from, the relevant subscription date, and certificates in respect of such Ordinary Shares will be issued not later than 28 days after the relevant subscription date to the persons in whose names the Warrants are registered at the date of such exercise, or to such other persons as may be named in the form of nomination on the reverse of the Warrant. In the event of a partial exercise of the subscription rights comprised in a Warrant, the Company shall at the same time issue free of charge a fresh Warrant in the name of the registered holder for the balance of his subscription rights remaining exercisable.

(e) Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, made or paid in respect of any financial year of the Company prior to the financial year current at the relevant subscription date, but subject thereto will rank in full for all dividends or other distributions declared, made or paid in respect of the then current financial year and otherwise pari passu in all respects with the Ordinary Shares in issue at that date: provided that on any allotment falling to be made pursuant to paragraph 3 (f) or 3 (g) below the Ordinary Shares so to be allotted shall not rank for any dividend or other distribution declared, made or paid on a date (or by reference to a record date) prior to the allotment in respect of the then current financial year.

(f) Application will be made to the Council of The Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to the Official List; and the Company will use all reasonable endeavours to obtain the grant thereof not later than 14 days after the relevant subscription date.

(g) Within 7 days following the final subscription date the Company shall appoint a trustee who shall, within 14 days following that date, provided that the net proceeds of any sale exceed the subscription cost, exercise such subscription rights as have not been exercised and sell the shares acquired on such subscription and, within two calendar months of the final subscription date, distribute the net proceeds less such subscription cost pro rata to the persons entitled thereto, provided that entitlements of under £2 shall be retained for the benefit of the Company.

**2. Adjustment of Subscription Rights**

(a) If on a date (or by reference to a record date) on or before the final subscription date the Company shall allot any fully paid Ordinary Shares by way of capitalisation of profits or reserves, or effect any sub-division or consolidation of its ordinary share capital, the number and/or nominal value of the Ordinary Shares to be subscribed on any subsequent exercise of the subscription rights will as from such date (or record date) be increased or, as the case may be, reduced in due proportion and the subscription price will be adjusted accordingly. On any such capitalisation, sub-division or consolidation, the auditors for the time being of the Company shall certify the appropriate adjustments and, within 28 days thereof, notice will be sent to each holder of a Warrant together with a Warrant in respect of any additional shares for which that holder is entitled to subscribe in consequence of such adjustments, fractional entitlements being ignored.

(b) If on a date (or by reference to a record date) on or before the final subscription date, the Company makes any offer or invitation (whether by rights issue or otherwise but not being an offer to which paragraph 3(f) below applies) to the holders of the Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(g) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then-holders of the Warrants as if their subscription rights had been exercisable and had been exercised on the day immediately preceding the date (or record date) of such offer or invitation on the terms (subject to any adjustment pursuant to sub-paragraph 2 (a) above) on which the same could have been exercised on the last preceding subscription date.

**3. Other Provisions**

So long as any subscription rights remain exercisable—

(a) the Company shall not (i) make any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares; (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or (iii) on or by reference to a record date falling within the period of six weeks ending on any subscription date make any such offer or invitation as is referred to in paragraph 2 (b) above;

(b) the Company shall not in any way modify the rights attached to its existing Ordinary Shares as a class, or create any new class of equity share capital, except for shares which carry as compared with the existing Ordinary Shares no greater rights as regards voting, dividend or capital;

(c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves if as a result the Company would on any subsequent exercise of the subscription rights be obliged to issue Ordinary Shares at a discount;

(d) except with the sanction of an extraordinary resolution of the holders of the Warrants, the Company shall not effect any reduction of share capital involving repayment of capital or any reduction of uncalled liability in respect of its share capital or (except as authorised by section 56 (2) of the Companies Act 1948 and section 53 (3) of the Companies Act 1981) effect any reduction of any share premium account or capital redemption reserve involving repayment;

(e) the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable;

(f) if at any time an offer or invitation is made by the Company to the holders of the Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to the registered holders of Warrants, and each such holder shall be entitled, at any time while such offer or invitation is open for acceptance, to exercise his subscription rights on the terms on which the same could have been exercised on the last preceding subscription date (subject to any adjustment pursuant to paragraph 2 (a) above) so as to take effect as if he had exercised his rights immediately prior to the date (or record date) of such offer or invitation;

(g) if at any time an offer is made to all Ordinary shareholders of the Company (or all such shareholders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall give notice of such vesting to the holders of the Warrants within 14 days of its

# UK COMPANY NEWS

## Elbar halves its losses to £1m after 12 months

AFTER cutting its losses from £1.15m to £173,163 at the interim stage, Elbar Industrial continued to make in-roads into its deficit in the second half. As a result, losses for 1983 as a whole fell from £2.31m to £1.07m. No dividend is again payable, and the directors say they are, as yet, unable to indicate the group's future dividend policy.

They say there are two main priorities for the group—it is a vehicle and agricultural machinery dealer—and these are an increase in trading profits, together with a major reduction in borrowings.

The year's results show significant progress towards these aims, although they can only be regarded as a first step on the road to recovery.

A new strategy has been adopted, say the directors, and a policy agreed for the re-organisation of the group. In the case of lossmakers, disposal as going concerns will be explored for those operations which it is felt cannot be turned round quickly.

There have been a number of new, senior appointments in the group at board, division and operating levels. These, together with the re-organisation in progress, gives the board considerable confidence for the group's future.

Turnover for the year improved from £68.33m to £72.24m. There was an operating profit of £91,000 against losses of £49,000. The sale of properties contributed a profit of £154,000 this time, and rental income amounted to £89,000 (£161,000 debit).

Other income, including interest receivable, was £150,000 (£192,000 debit), and interest charged took £1.55m compared with £2.18m. Tax took £52,000, and there is an extraordinary provision of £1m for potential losses on re-structuring the group activities.

The loss per share was greatly reduced from 50.26p to 24.47p.

## BHG moves up with second half recovery

A recovery in the second half has given Barrow Hepburn Group a 30 per cent lift in profits for 1983, from £865,000 to £1.12m. The dividend is again 2.2p with an unchanged final of 1.4p.

In the first six months there was reduced performance from the Italian subsidiary, which had to bear start-up costs on new models.

The group is engaged in engineering manufacturing and distribution, rubber and plastic compounding, wool and hide dealing. Prospects for profit growth this year are encouraging, the directors claim.

In 1983 turnover came to £32.51m (£36m) and operating profit to £1.3m (£1.11m).

## Solicitors' Law lower than anticipated at £70,000

ALTHOUGH 1983 pre-tax figures of the Solicitors' Law Stationery Society showed a substantial improvement from losses of £445,000 to £70,000 profits, the directors say the result was lower than that anticipated at the halfway stage. Turnover of this printing and legal services group improved from £19.25m to £19.87m.

The directors state that the main causes of second-half losses of £160,000 (£114,000) were:— the results of the stationery company and computer division, where sales failed to reach budgeted levels; trading losses in the text processing division; and increased property costs due to unlet space, resulting in a higher charge for Group Central Services.

There is again no tax charge, due to losses carried forward from previous years. Extra-ordinary debits were £188,000 (£462,000) and mainly related to costs incurred in respect of repairs to the leasehold property in Fleet Street, redundancy payments and a write off of the investment in Bradleys, the Reading printer, which since the year end has called in the Receiver. These items resulted in a loss of £118,000 (£927,000).

Earnings per 20p share were 0.6p, compared with a 3.5p deficit. The dividend is again omitted — none have been paid since 1979.

## Greenbank setback to £1.7m but pays same

DESPITE A reduction in profits from £2.36m to £1.66m in 1983, Greenbank Industrial Holdings is maintaining its dividend at 2.1p net per share, with an unchanged final of 1.3p.

Principal reasons for the reduction in profit were the absence of large new coal/power industry projects and some substitution of less specialised lower margin business. In the second half the lower order intake led to the under utilisation of the factories.

Costs and provisions in respect of redundancies and closures of over £200,000 have been charged against trading profit; and there were lower interest rates on deposits reduced by acquisitions in 1982.

Reporting on the current year the directors began with a low order book but orders taken in the first quarter are up 30 per cent compared with last year. No major contracts on coal/power industry projects have been received in the quarter but inquiries are encouraging.

In 1983 turnover rose from £12.71m to £14.79m. Trading profit was down to £1.74m (£2.32m) and investment income to £240,000 (£314,000). The tax charge is £776,000 (£1.15m) and earnings are shown at 3.51p (4.79p).

There are extraordinary debits of £726,000 (£908,000) comprising goodwill on consolidation proposed to be written off £677,941 and loss on termination of building division £48,181.

## Bramall ahead 18% but margins hit

WITH CONTINUING and severe pressure on margins, particularly on new vehicle sales, pre-tax profits of C. D. Bramall, motor dealer, rose by 18 per cent from £1.95m to £2.31m in 1983, on sales 27 per cent higher at £67.28m, against £52.96m.

After lower tax of £660,013 (£816,934) net profits were up 45 per cent at £1.65m (£1.14m) representing earnings per 25p share increasing from 21.5p to 31.3p. The final dividend is raised to 4.35p for a total payment 0.7p ahead at 6.7p net, costing £313,095 (£255,628).

Mr D. C. A. Bramall, the chairman, reports however, that the company has made a slow start to the current year. Management accounts for the first three months of 1984 show figures a little down on the same period last year.

But the chairman is optimistic that current Ford Motor Company promotions and new models in the pipe line will improve the present level of profitability over the coming months. Current profit figures from the group's contract hire and hire purchase companies look satisfactory and augur well for 1984.

At this stage he says it is very difficult to make any firm prediction for the current year, save that the company is operating in an improving economy and is ensuring that its costs are compatible with the market share being achieved by its main suppliers and also with current trading margins.

Mr Bramall adds that the company is currently looking for businesses in which it has experience that will give it a chance to make a reasonable return on its investment and/or offer a good chance of growth.

Gross profits for 1983 advanced from £8.77m to £10.25m, before deducting £2.89m (£2.39m) selling and distribution costs, £3.99m (£3.56m) administrative expenses and £1.06m (£0.86m) interest payable and similar charges.

The company has been able to reduce its 1983 tax charge mainly by the leasing business it has written during the year. However, the proposed changes to the level of capital allowances available against corporate tax contained in last month's Budget, has meant the board making a £1.04m adjustment to reserves in order to provide for all deferred tax relating to plant, machinery and vehicles.

While it is anticipated that this will fall due mainly over the next three years, when the rates of corporation tax will be considerably reduced, the board has thought it prudent to make the provision in 1983.

## MCD tops £1.7m and pays well over forecast

THE FIRST trading year of MCD Group as an enlarged undertaking has produced profits of £1.79m, compared with £759,000 in 1982. And the dividend is to be 1.5p net, against 0.66p forecast in March 1983 prospectus.

Mr P. J. Custis, the chairman, says the level of trading in the wholesale distribution of floor coverings (the main activity) was buoyant. The new warehouse in Biggleswade and the acquisition of Garrett Waters contributed £224,000 pre-tax profit for the year.

The manufacturing activities of Trafford Carpets accounted for a minimal part of the £29.36m group turnover and did not contribute to profit.

On the current year, Mr Custis says it will have the benefit from the acquisition of the Bailey Group. The year has started well and the chairman is confident of the outcome as he believes the group is in a strong position to benefit from any improvement in the economy.

Gross profit in 1983 rose from £5.42m to £6.85m; distribution costs and interest payable both showed significant increases. Tax takes £897,000 (£212,000) and this time there are extraordinary charges of £342,000, leaving the available profit at £549,000 (£547,000). Earnings are 5.7p (3.5p) and the dividend cost is £236,000.

## Wolseley-Hughes

Wolseley-Hughes is arranging to redeem its 150,000 6 per cent cumulative redeemable preference shares of £1 each, at par on July 31.

Holders will be paid the dividend due July 31.

## Boustead falls to £0.2m and omits final payout

LOSSES by its Australian activities and by the engineering operations in Singapore have hit the 1983 results of Boustead and the dividend for the year is being cut by 0.75p to 0.5p net—no final is recommended.

Group turnover for the year advanced from £48.5m to £50.12m but the pre-tax level profits fell by £235,000 to £217,000.

The directors say the group failed to meet the second half expectations despite the efforts made in reorganisation and cost reduction.

In the UK, group companies performed satisfactorily with the exception of the soft commodity business. Recent acquisition Powerdrive BSR is doing well and there is confidence that 1984 will reflect a substantial improvement in group profits.

In Singapore, the engineering operations did not recover to the degree hoped for. The other activities in the Far East traded at similar levels to 1982. The recently announced acquisitions will broaden the group's Far East base and contribute to further growth.

The Australian results were especially disappointing, as a consequence of losses in respect of the commissioning of a major contract and additional write-offs.

Negotiations with Promet Berhad for the possible sale of 50 per cent of Boustead Singapore's 54 per cent shareholding in Boustead Australia are continuing.

Pre-tax profits included investment income of £697,000 (£761,000) and a £636,000 (£295,000) share of associates' profits. Interest was the same at £1.28m. Loss per share emerged at 0.53p (0.37p).

Extraordinary debits amounted to £271,000 (£1.2m).

# UK COMPANY NEWS

## Lamont surges by 258% to over £2m

IN HIS statement with the preliminary results for 1983 Sir Desmond Lorimer, the chairman of Lamont Holdings, tells shareholders that the year was the most outstanding in the history of the group with new records achieved and development plans fulfilled.

On the back of a 187 per cent advance in turnover to £27.98m (£9.75m) profits at the pre-tax level surged by £1.47m, or 258 per cent, to a record £2.04m.

In continuance of the policy of increasing dividends as the fortunes of the group improve, a final payment of 1.2p (0.9p) lifts the net total from 1.3p to 1.7p net per 10p share.

The directors' objectives continue to be growth in earnings and dividends and improvements in efficiency and competitiveness. Sir Desmond says he feels certain that these will again be achieved in 1984.

Lamont has interests in textile manufacture, computing, product engineering, property development and management and life assurance.

The textile division had an "excellent" year in contrast with its performance in 1982 and all sections performed well. Moygashel, acquired at the beginning of 1983, exceeded expectations.

The property division completed the building of the shopping complex at Connswater, Belfast, on time and it opened for business at the end of October. The profit resulting from the building and sale of two major units of this development amounted to £479,000.

In 1984 and subsequent years an income in excess of £300,000 per annum will arise from the leasing of the smaller shopping units in the development. These units have been valued at £2.5m as at December 31 1983.

In the current year the property division should produce net income in the region of £700,000, "so providing a substantial underpinning to the group's manufacturing activities."

Towards the end of December the group moved into the high technology area and away from its traditional activities with the purchase of the ICS Computing group, active in the fields of software development, hardware sales and maintenance and computer bureaux. The acquisition provides the group with a much broader base, and it should make a "useful contribution" to profit in 1984.

Earnings per share for 1983 emerged at 9.99p (2.96p). Tax accounted for £203,000 (£158,000) and minorities £6,000 (£2,000 credit).

## Turriff holds profit and raises dividend

NON-CONSTRUCTION activities at Turriff Corporation produced increased profits in 1983, but results from construction were "most disappointing" and full provision has been made for all known and anticipated losses to contract completion. Overall, the group profit before tax was up only £16,000 to £2.04m, but the dividend is lifted from 5.8p to 7p net.

Turnover rose from £50.4m to £61.78m. There was an improvement on the construction side with a number of major contracts having a high content of specialist sub-contractors. A delay in the final settlement of completed contracts is a normal feature and this year the disappointing construction results have been compensated by an unusually high value of such settlement.

Provisions made at the end of 1982 for the discontinuance of certain loss making activities were insufficient and further costs net of tax, have been written off as an extraordinary charge. The group's financial position was "stronger than ever" the directors state, with surplus funds at around £9m.

After tax £281,000 (£209,000) and minorities £87,000 (£22,000), the attributable profit for the year came to £1.7m (£1.8m) for earnings of 38.5p (41p). Extraordinary debits total £148,000 (£554,000).

## Wadkin sustains recovery to £465,000 and pays 3p

THE RATE of the midway recovery at Wadkin has been sustained, and by the end of 1983 the company had turned in a profit of £465,000. The dividend is increased to 3p net, from 0.5p.

Turnover showed little change at £26.57m (£26.39m) as did the gross profit as £6.53m (£6.55m). Distribution costs and interest charges were reduced, while there are no exceptional debits this time, against £306,000. The loss for 1982 came out at £948,000.

Mr Michael Goddard, the chairman, expects the current year will see continued progress toward a satisfactory level of profit.

He says the "most noteworthy and encouraging feature" of 1983 was the sudden upturn in orders for the woodworking and machine tool producing divisions in the second half. This amounted to an advance of 50 per cent over the first half, which had stayed at the depressed levels of the depression.

Wadkin has secured a high proportion of the orders resulting from the Government's small engineering firms investment scheme. Some £9m of ordering was associated with that peaking in September and October.

Procurement difficulties led to a build up of undespatched machinery approaching £1m at the year end. In spite of this, borrowings fell by £1.6m over the year.

After tax £20,000 (credit £143,000), net earnings are shown at 9.27p (loss 16.76p) and 9.58p (loss 17.89p) excluding irrecoverable ACT. The group had to provide an additional £210,000 for bad debts arising from the high level of company failures at home and overseas.

Mr Goddard says the current year has started with extended deliveries and very heavy order books, effectively having deferred the benefits of the 1983 recovery into 1984. The machinery divisions output for the first quarter has increased by 25 per cent over the corresponding period.

In spite of some long delivery times, order intake has remained buoyant. In addition to the group's strength in the UK market, progress to date in the U.S. has been most encouraging.

## Pressure on Armitage restrains improvement

PRE-TAX PROFITS at Armitage Brothers, pet products manufacturer, rose slightly in the 12-month period to end 1983, from £526,000 to £528,000. The figures were "somewhat disappointing," since profits were ahead at mid-way.

The company is paying an interim dividend of 30p, unchanged from last year's final for the comparable period, and intends to boost the total with a final payment for the extended 17-month period to May 31.

On an increased turnover from £12.16m to £13m there was a lower trading profit of £609,000 against £659,000. Interest charges were down from £133,000 to £81,000, while tax absorbed £264,000 against £224,000. Earnings were reduced from 76p to 66p per share.

The pressure on margins continued during the year, and were adversely affected by cost increases on some high-volume products and by competitive price cutting on other lines, state the directors. Bank borrowings were lower for most of the year.

The company intends to build a warehouse and distribution centre close to the existing Nottinghamshire factory. The project will cost an anticipated £1.5m, for which finance is available, and should be completed by April 1985.

Although the construction will lead to increased short term costs, the directors hope that benefits will be seen towards the end of next year. Sales during the first part of 1984 have so far been "encouraging."

## BOARD MEETINGS

**TODAY**

Interims:—Adwest, Highland Electronics, Kalamazoo.

Finals:—Arcoelectric, BSG International, Comfort Hotels International, First Charlotte Assets Trust, Harrison Cowley, T. C. Harrison, Hawker Siddeley, Walter Lawrence, Northern Engineering Industries, S. Pearson, Spong, Steel Brothers, Websters.

**FUTURE DATES**

Interims:—

| | |
|---|---|
| Scottish Cities Investment Tst. | Apr. 18 |

Finals:—

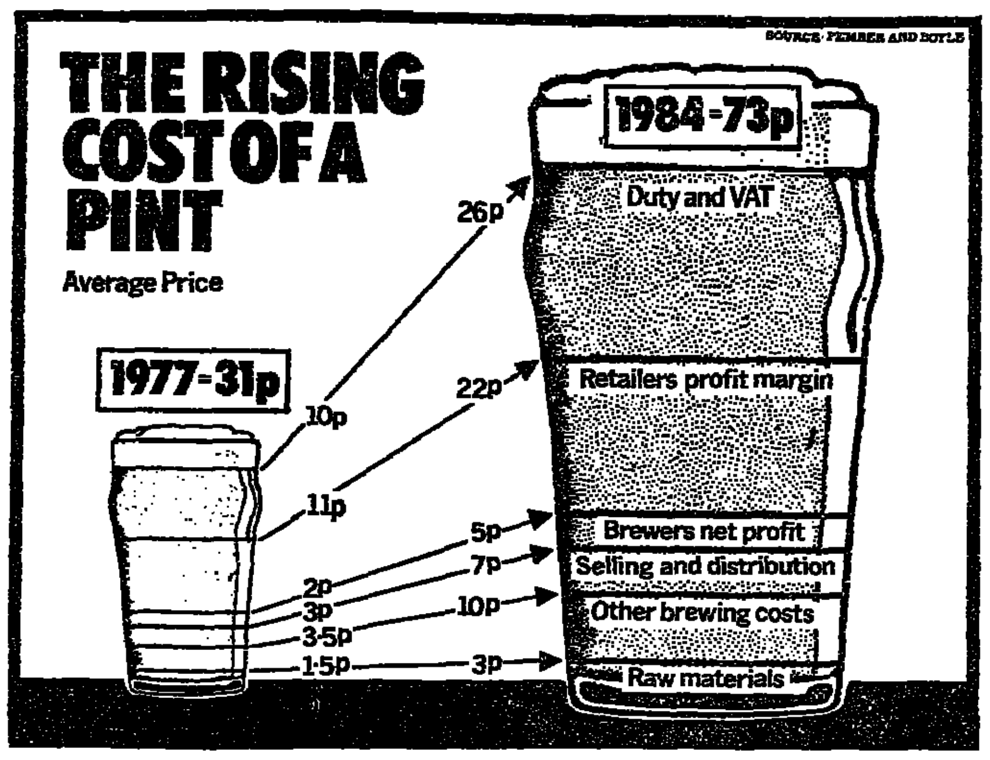
| | |
|---|---|
| Advance Services | May 14 |
| Caparo Industries | Apr. 18 |
| Henara | Apr. 19 |
| Laing (John) | May 2 |
| Office and Electronic Machines | Apr. 26 |
| Rush and Tompkins | Apr. 24 |

FINANCIAL TIMES SURVEY

Tuesday April 17 1984

# UK Brewing

Breweries have adopted a range of strategies to cope with a lower level of beer sales and to meet changes in the market. They are trying to preserve the traditional pub while adapting and diversifying to compete with other leisure age attractions




## Investment focus moves to pubs

BY LISA WOOD

"OUR INDUSTRY is no longer just about beer," observes Mr Douglas Strachan, managing director of Allied Breweries. "It is about pubs and they are overwhelmingly about people."

Mr Strachan's comments encapsulate the change in attitudes, and investment strategy, increasingly being adopted by Britain's 80-odd brewers.

The current fashion is to hire professional marketing teams, to re-introduce "traditional" local beers, and to bring in specialist designers to give a face lift to interiors—a far-cry from the brewers' former obsession with volumes of beer being driven through their tied estates.

The transformation — from brewers with tied houses to retailers with breweries (generally working at about three-quarters of capacity)—is most conspicuous among the big national drinks groups. It is a trend which has accelerated, too, over the past four years, as the industry has sought to respond to a number of important developments in the marketplace:

● Since 1979, when beer sales peaked, the market has fallen by about 12 per cent. Last year's production, at 36.9m bulk barrels, was 0.9 per cent up on 1982 and some improvement is forecast in 1984. Nobody is predicting a significant recovery, however, and City analysts now regard brewing as "a mature industry."

● Entertainment, such as videos and computer games in the home, have been providing strong rivalry to the pub. This competition for consumer spending has become even more intense with the growth in fast food outlets and increased interest in eating out.

● Women have been demanding better facilities in pubs, including provision for children, and by their preference for lighter drinks, such as lager, have helped to bring about important changes in the pattern of drinks sales.

Lager, sipped in tiny quantities in the early 1970s now constitutes about 35 per cent of the market and is forecast to have continuing growth in both volume and market share.

Lager also accounts for 48 per cent of the take home beer trade, a growing sector, taking some 13 per cent of all beer sales.

For all their reputation for conservative attitudes, the brewers have responded vigorously to these developments.

Investment is being channelled into pub renovation. Pubs are after all brewers' major assets, the 79,000-odd in the UK being conservatively valued at over £3bn.

During the three years 1983-85 the brewery groups are planning to spend £853m on their retail outlets out of a total capital investment of about £1bn. By contrast, in the optimistic 1970s the majority of new investment went into new production plant, with rationalisation bringing improved margins. Spending on new production facilities is now running at a much lower level in real terms.

### Radical

Grand Metropolitan's subsidiary, Host, which looks after the group's managed houses, has perhaps been the most radical in its approach to its properties. More than £60m is being poured into its houses, which are being remodelled along 14-odd different themes designed to attract different age groups and cater for very different tastes. New technology — microcomputers and the like—is also being installed in pubs, to help, for example with re-stocking.

According to Mr Charles Tidbury, chairman of the Brewers Society, Britain's pubs have to change in order to survive. "Pubs, or at least some of them, will have to adapt, if they are not to fade away," he warns.

The tricky part for pub owners is to find a formula that competes with the other leisure options but does not change the essential, traditional environment of the majority of pubs.

Improvements in food retailing are a prime concern. Whitbread, for example, which has a substantial investment in Pizza Hut, the fast food chain, has installed pizza bars in selected city pubs.

At the same time the big six nationals—Allied Breweries, Watney Mann & Truman, Bass Charrington, Scottish & Newcastle, Courage and Whitbread —have looked to their beers, in a bid to freshen up both their image and their appeal.

In this they are responding to the challenge posed by the regional breweries which produce about 20 per cent of beer consumed in the UK. They came to prominence in the mid to late 1970s, with their cask-conditioned or "real ales"—a reaction in part to the campaigning by CAMRA (Campaign for Real Ale).

The strategy of the nationals, branded at the time as producing a universally bland product, has been to regionalise their beers as well as produce real ales—an approach which is now proving successful at the expense of the smaller independents.

The major breweries have, however, adopted different strategies to achieve their aims. Whitbread, for example, has centralised functions under five specialist directors, each responsible for a particular aspect of the business for the whole country. Allied, in contrast, has probably gone furthest down the road in decentralising its activities so that all functions are performed within its nine regional subsidiaries.

All are showing continued interest, too, in wine, consumption of which has risen fourfold in Britain since 1970. The national breweries, and some of the regional independents, have considerable investments in wine production, shipping and distribution.

For example, Allied's recent £40m acquisition of all the spirits, wines and liquor interests of Booker McConnell, the agricultural and food distribution company, brought in European Vintners. With about five per cent of the UK wine market it ships Italian, German, French and Spanish wines and distributes them in the UK.

The larger brewers have also been increasing the size of their off-licence chains in order to win a share of growing consumption of wine, mainly bought in the off-trade, though here they face strong competition from the aggressive pricing policies of the supermarket chains. Bass, for example, last year bought Augustus Barnett for £6.8m, while Vaux Breweries in the North East bought the Lewis Vintners chain.

The recent Budget, in which the Chancellor toed the European Court of Justice's line in re-distributing excise duties between beer and table wine is likely to further accelerate wine consumption, with duty falling by 18p a bottle.

The decision to bring about the required re-alignment by a large reduction in wine duty rather than a steep rise in the beer tax has pleased the brewers, for whom the increased duty of 2p on a pint was not as harsh as feared. With traditional heavy beer drinking areas such as the North East the worst affected by unemployment, brewers estimated that a steep increase in duty would cut consumption by about 1 per cent for every 1p increase on top of an initial 1p rise.

This relief notwithstanding, however, the major brewers are not looking to their pints of beer as the main contributor to future growth in profits. Apart from moving into other drinks, such as wine, and investing heavily in their houses, they are continuing their search for suitable avenues of diversification. Here most of the main nationals are involved, together with some of the regionals, notably Vaux and Greenall Whitley.

### Discos

Whitbread, for example, which derives about 40 per cent of profits from non-beer related activities, such as wine and restaurants, expanded further into the leisure market in January with the acquisition of some 21 clubs and discos in the West Midlands from Grosvenor Leisure. At present Whitbread is holding talks on the possibility of acquiring 22 Henekeys Inns, most of which are pub-restaurants, from Trusthouse Forte.

The City sees the process of diversification continuing with some brewers proving more radical than others. Allied Breweries, for example, is characterised by Mr Philip Shaw of stockbrokers, L. Messel, as having very much a "brick on brick" approach. "They want, however, to keep in markets they understand and will continue to look abroad, particularly to the U.S. But I do not see any big acquisitions on the immediate horizon," he says.

Further regrouping within the industry, albeit not on the scale of the 1960s, is also probable. With the major brewers improving their competitive edge in the home market, more small independent brewers could be taken over by their middle sized brethren as in the recent acquisition of Border Breweries (Wrexham) by Marston, Thompson and Evershed of Burton-on-Trent.

"With the gradual weakening of the tie, and with so much surplus capacity we may see more and more brewers servicing other brewers' pubs," Mr Shaw observes. For example, Everards, the Leicester-based independent, last month announced it was cutting back its own beer output by about 80 per cent and turning the work over to other brewers.

The independent brewers, many heavily dependent on cask ales, with few brewing their own lager, are also likely to be looking increasingly for an opportunity to brew nationally known lager brands, most of which are now made in Britain under franchise from Continental brewers.

They will be seeking to take advantage of the continued increase in lager's market share, mainly at the expense of cask-conditioned beers.

This itself is likely to result in keen marketing battles for lager brand share. The market leader is the Danish-based Carlsberg which brews its own lager in Britain but Allied is revitalising its Skol lager with a major advertising campaign and introducing Castlemaine 4X shortly from Australia.

Potentially the most exciting newcomer, according to the industry is Budweiser, the Anheuser Busch premium beer. The top selling beer in the U.S., it is soon to be launched in the UK by Watney Mann & Truman

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# Lager heading for 40% market share

THE MOST dramatic feature of Britain's beer market during the past year has been the renewed growth of lager. It now accounts, according to trade estimates, for about 35 per cent of total production compared to 33 per cent a year ago. A pointer for the future is that it now accounts for almost *a half* of all beer sales in the take-home trade.

This shift in public taste has been acknowledged for several years by the industry which now expects lager to reach 40 per cent of the total market by the end of the decade or even earlier.

The trend towards lager has been strongest among younger drinkers and has obliged the regional and independent brewers to offer similar products themselves. The field is currently dominated by the majors with Bass on its own accounting for at least a quarter of the lager market.

Lager's renewed growth takes place against the background of a national market that has seen a dramatic fall in consumption during the past four years. Between 1977 and 1981 beer consumption in the UK fell by 6.2 per cent compared to a fall of 1.1 per cent in West Germany and 4.8 per cent in France.

The draught beer volume in the UK fell by 2.3 per cent but the volume of draught lager rose by 2.8 per cent and lager's share of the draught market increased from 29.2 per cent to 30.7 per cent. In 1982, the latest year for which Brewers' Society statistics are available, sales of all other draught beer fell by 4.4 per cent.

The Economist Intelligence Unit, in a report on the beer market published earlier this year, produced this breakdown of the UK beer market:

**UK BEER PRODUCTION**

| | Total production million bulk barrels | Ales and stouts million bulk barrels | Lager million bulk barrels | Lager % of total beer Production | Year-on-year volume change % |
|---|---|---|---|---|---|
| 1979 | 41.19 | 29.12 | 12.07 | 29.3 | +10 |
| 1980 | 39.61 | 27.41 | 12.20 | 30.8 | + 1 |
| 1981 | 37.71 | 25.99 | 11.72 | 31.1 | − 4 |
| 1982 | 36.53 | 24.37 | 12.16 | 33.1 | + 6 |
| 1983 | 36.86 | — | 13.3* | 36.0* | — |

* Estimate.

Source: Brewers' Society

## Packaged

Light mild, 2.6 per cent (EIU estimate); dark mild, 8 per cent; premium bitter and stout, 11.5 per cent (EIU estimate); non-premium bitter, 32.9 per cent; draught lager, 24.4 per cent; packaged lager 8.6 per cent; packaged light, pale and export ales, 7.9 per cent; brown, 1.1 per cent; stout, 2.6 per cent; strong ales and barley wine 0.4 per cent.

Compared to the early 1970s, there has been a *decline in* bitters, light, pale and export, and, in addition to sharp gains in lager, a strong showing by cider. Draught beer has improved its position as bottled beers sold in public houses continue their decline from their peak in the 1950s. The take-home trade has also taken a rising share of the market.

Mr Colin Mitchell, brewing analyst at stockbrokers Buckmaster and Moore, estimates that the take-home trade share of the market in 1982 was about 12.2 per cent compared to 9.8 per cent.

The EIU has four answers to explain lager's strong performance: wider appeal; a favourable customer age profile; exposure in the take-home trade; and its appeal as a cooling drink in warm weather.

● Lager is the type of beer found in other major beer markets, such as the United States, and the rest of the European Community. The EIU comments: "Paradoxically, *although lager accounts for only* one-third of the total market, many more people regularly drink lager than regularly drink ale."

● The relatively young age profile of lager drinkers—and their conservatism and loyalty *to type of drinks—means* an ever-widening customer base for lager. A PAS study of the beer market in 1982 found that consumers under the age of 34 accounted for consumption of 64 per cent of draught lager and 57 per cent of packaged lager. This compared to their overall consumption of half the country's beer.

More traditional beers are now seen as appealing to older drinkers and have done badly in recent years. Mild has been a major casualty, dark mild sales have continued to fall at a greater rate than the national trends and suffered a fall of 17.4 per cent between 1978 and 1982.

● The brewers have poured much more of their effort into selling lager in the off licences and supermarkets than they have for other of their products. The "lager wars" of the early 1980s when brewers slashed prices to their supermarket customers maintained lager volumes and with the growth of drinking at home the two processes reinforced each other.

"Until recently the brewers have invested much more money on take home lager than on take home ales so it is difficult to separate cause and effect," the EIU comments.

● *Last summer's hot weather* boosted sales, with some brewers reporting that nearly 40 per cent of their sales were of lager. Lager as a drink gains more from hot weather than other types of beer because customers see it as cool and *refreshing.*

However, the bulk of industry evidence suggests that disposable income is also an important component of demand. The mild recovery in consumer spending last summer could well have been behind lager's growth as much as the high temperatures.

There is a fifth argument explaining the lager boom—its availability. The rise in cider sales in the 1980s was caused in part by the increase in the number of public houses supplying it on draught. Another example is Guinness, which does much better in the off trade where 90 per cent of stockists sell it compared to the on trade where only 50 per cent do so.

In spite of lager's appeal, the *bedrock of the public house* trade still is bitter, especially non-premium bitter. Bitter drinkers consume more bitter than other drinkers do of their beers and non-premium bitter has remained constant at about 33 per cent of all draught sales.

The range of beers in Britain is enormous and runs into several hundred. The last five years have seen a widening of choice as the Big Six have moved to revive regional and local beers they had dropped.

## Strategy

Watney Mann and Truman, part of Grand Metropolitan, has provided the sharpest example of such a change in attitudes. In the early 1970s the company's *strategy was to go for national* brands and outlook, so that a customer in Land's End would have the same choice as one living in John O'Groats.

The strategy backfired, giving rise instead to vigorous campaigns for the return of real ale. *Today,* Watney Mann and Truman have deals with several local brewers and have reintroduced the old names for their trading companies. The other brewers have done the same.

The development of the take-home market has reinforced the industry's attention to a marketing approach. Brewers are well aware that the young pub-going population will peak in 1986 and that new customers have to be found.

The take-home market provides them with one huge marketing advantage—it offers them the opportunity to increase beer consumption among women. The PAS beer market study in 1982 found that while 69 per cent of men had drunk beer in the past seven days only 23 per cent of women had done so.

The brewers' hopes for this market are increased by evidence that women decide the main purchases of drinks from the off licence trade. Tesco estimates that women make 79 per cent of drinks purchases in its outlets.

**Gareth Griffiths**



# Big Six adopt different strategies

BRITAIN'S big six brewers — Allied Lyons, Bass Charrington, Grand Metropolitan (Watney Mann and Truman), Whitbread, Scottish and Newcastle, and Courage — are beginning to see results from the major changes in strategy they have all been obliged to adopt in the increasingly competitive atmosphere of the 1980s.

Market share lost to regional brewers appears to be coming back through the adoption of policies more sensitive to the market.

Today the response to a changing market is large scale investment in retailing. This includes improving the "bricks and mortar" of pubs, and more adventurous and more capital-intensive usages of the estate, such as shops selling videos within pubs and the provision of improved facilities for women and children.

A second strand of this strategy is innovations in the wine and spirits trade. Grand Metropolitan, with its new brands Baileys Irish Cream and Malibu, stands out as the most active innovator in this area.

In terms of long-established products the most spectacular marketing story of 1983 is probably that of Guinness which falls into the category of "major brewer" because of its volume output. The £7m Guinness campaign, launched last January, has reversed a ten-year decline in draught Guinness sales in spite of last year's hot summer which was unfavourable to stout.

If marketing is the key word of the whole industry there are however marked differences between the brewers, strategies.

Bass, the largest brewer with about 20.5 per cent of the UK beer market, has been increasing its share for the past 16 months. Its pub estate is about 7,500 houses compared with over 8,800 in 1977 with the majority of losses being among tenanted pubs.

Among the more conservative of the brewers, Bass did not go along the road to centralisation as much as other brewers. Mr Dennis Urquhart, a director of the group, says: "The majority of our ales are of local derivation. We never lost the identity of our regional bitters in the same way as other companies have."

A major component of the group's strategy is to increase the leisure division's contribution to profits. At present it contributes about 22 per cent with the management's target being 25 per cent by the middle of the decade. Bass leisure businesses include Crest Hotels, Pontin's, Coral Racing and Barcrest which manufactures amusement machines.

The company is currently actively developing its wine and spirits brands as well as increasing its off-licence chain. Last August it acquired Augustus Barnett for about £6.6m.

Its off-licences, numbering well over 1,000 include the Wine Sellers and Galleon Wine chains. Group strategy is not to have head-on competition with supermarkets but rather concentrate on suburban areas and secondary sites.

Allied-Lyons, Britain's second largest brewer, with about 13.5 per cent of the market, depends on its brewing activities for about half of group profit, against 30 per cent for wines and spirits and 26 per cent for food.

The group has by far the widest coverage of the wine and spirits trade in the UK and is characterised by some in the City as "the sleeping giant of the trade." Brands include Harvey's Bristol Cream sherry, Nicholas light wine and in cider and perry it owns the Olde English, Babycham and Norfolk Dry brands.

Earlier this year it added considerably to its portfolio with the £40m acquisition of all the spirits, wines and liquer interests of Booker McConnell, the agricultural and food distribution company whose drink brands included Lamb's Navy Rum and Tia Maria.

## Scope

Allied, which in its diversifications has tended to stick fairly closely to its main businesses, currently has no plans for significant new purchases, although the directors said in the 1983 annual report that there "was very considerable scope for the further development of existing activities of the group both at home and overseas."

Whitbread, with about 12 per cent of the brewing market, has been among the most aggressive in developing retail opportunities in its pub estate and in new catering and entertainment businesses such as its Beefeater eating houses, Pizza Hut in which it is partnered by Pepsico, and its discos. Activities not related to beer wholesaling contributed about 40 per cent to group profits last year.

A major component of the group's strategy is the expansion of its overseas spirits and wines operations, with the emphasis on the U.S., where it acquired Julius Wile in 1982.

On the brewing side Whitbread has been continuing its closure programme with the group now having nine breweries compared with 18 six years ago.

Grand Metropolitan, with about an 11 per cent market share with its Watney, Mann and Truman brewing subsidiary, has received much attention during the last 12 months because of the active marketing stance being taken by The Host Group. Host, formerly Chef and Brewer, manages the group's 1,500-odd managed houses. Some 14 "themes" are being introduced into the houses.

Scottish and Newcastle, with about 11.5 per cent of the market, has reported profits up 40 per cent in the second half of 1983 and appears to be very much on the mend after large-scale re-organisation of both management and distribution.

The company, with very strong brands on offer to the off-trade, is committed to the battle for free trade business, having only a small number of tied houses — 1,480 — with only 16 per cent of its volume production going through its own outlets.

The Thistle chain of hotels, the fourth largest in Britain, has made strong contributions to profit. Mr Alick Rankin, group managing director, says: "We certainly intend to expand our hotel interests. However, we do not see the desirability of a major diversification in the next few years. That is, we want to consolidate our recovery."

Courage, with about 9 per cent of the beer market, is part of the Imperial Group's leisure division. Last year Imperial Brewing and Leisure went through a major re-organisation when the production, distribution, marketing and wholesaling of beers, wines and spirits were separated from the group's managed houses into two groups.

Courage is concentrating on production and related activities, such as the take-home trade, while Imperial Leisure and Retailing will take in Imperial Inns and Taverns, the managed houses.

Strong emphasis is being placed on turning pubs into "leisure centres" with many being changed into restaurants with drinking facilities rather than pubs offering food.

Guinness, the only major brewer without any pubs, has undergone massive surgery *during* the last two years. Mr Ernest Saunders, the new chief executive, has divested the group of 147 companies and cut the number of employees by 5,500 to under 14,000.

Taxable profits rose 24 per cent from a re-stated £47.3m to £58.6m in the year to September 30, 1983.

**Lisa Wood**

# Bigger regional brewers pursue expansion plans

THE RECENT battle between two relatively small independent breweries for the acquisition of Border Breweries in North Wales could well be a taste of things to come.

For while the stronger re*gional and independent brewers* are actively seeking ways in which to grow, several of their smaller brethren are finding it difficult to survive.

"It is probably true that regional brewers as a group are finding it more difficult than in the mid to late 1970s," says Neil Scorse, brewing industries analyst with Fielding, Newson Smith.

Mr Pat Townsend, chairman and managing director of Matthew Brown, the Blackburn-based brewer, puts it another way: "One of our problems is that we became so relatively successful and so improved our strength and position relative to the nationals they are reacting fairly violently. They are, for example, spending more on pubs and all the signs are that they are becoming more competitive."

The independent brewers, as distinct from the major national ones which grew in the 1960s through extensive mergers, blossomed in the 1970s.

Industrial relations were more stable than among the national brewers. Smaller catchment areas meant lower distribution costs and prices were often substantially cheaper than major national brands. Pressure from the Campaign for Real Ale boosted interest in cask-conditioned ales, many of which had disappeared from the nationals' portfolios in their promotion of big brand names.

Between 1970 and 1970 the average growth of share prices of the national brewers was 85 per cent while that of the regionals was over 300 per cent.

That situation has shifted significantly with the nationals showing an improved performance and the independents' average growth of share prices not being as strong. Several reasons for this can be cited:

● Unemployment in many traditional heavy beer consumption areas. The independents are more heavily dependent upon restricted catchment areas. As Mr Ewart Boddington, chairman of Boddingtons' Brewery, based in Manchester and deputy chairman of the *Brewers' Society, observes:* "Unemployment is our immediate problem."

● The trend towards take-home sales with few of the independents having their own canning facilities or access to national distribution. "We could not compete with the nationals in the canning of our products," said Mr Harold Thomas, financial director of Higson's Breweries, based in Liverpool.

● The growth in larger consumption with consumer interest focused on the big nationally-promoted brands, generally produced under licensing agreements by national brewers. Regional brewers buying in national brands and losing customers for their own beers can find profit margins on products halved.

● As beer consumption has declined, the major brewers have looked more towards the free trade to take their excess capacity. Substantial discounts have been offered and with the emphasis on pub renovation the nationals have offered low-interest loans in return for sales of their own beers.

Mr Robert Neame, chairman and managing director of Shepherd Neame, the Kent-based brewer with 243 tied houses, says: "The free trade is a rat race with the major brewers offering substantial loans and discounts."

● The growing sensitivity of the major brewers towards their markets with the re-introduction of traditional and local brands. Allied Breweries for example, has formed a new company in the West Midlands called Holt Plant and Deakin which will re-introduce traditional hand-pulled beers.

While all these factors have adversely affected Britain's 80-odd independent brewers, which produce about 20 per cent of the beer consumed in the UK, the result has been devastating for many of the mini-breweries. While the regionals may be defined as producing between 250,000 bulk barrels a year up to 1m bulk barrels, the mini-*breweries may be producing* 50,000 bulk barrels or less.

It is estimated that about 14 have disappeared from the market in the last 12 months. Cash flow has been a major problem as they have fought for increasingly competitive free house trade. Few have their own tied estate; and nationally falling beer consumption has pushed them to below break-even point.

The larger regionals, however, have been aggressively pursuing several different strategies. These include diversifications, along the lines of the nationals; the introduction of their own lager brands, increased activity in the take-home trade and the acquisition of new pubs.

Vaux, *the Sunderland-based* brewery, has moved further down the diversification road than any other regional brewer. Reporting pre-tax profits of £12.1m in 1983, against £10.5m in 1982, Mr Paul Nicholson, the chairman, said in his annual report that the major growth had been in his Swallow hotels, which now accounted for 31 per cent of group profit. Within the breweries, the growth of packaged beer sales nationwide had reduced the company's dependence on the North East draught beer market.

Vaux in fact has decided to accept some loss of market share in the North East draught market rather than offer loan investments to free houses and clubs where it claimed there was only the prospect of an inadequate return.

Mr Nicholson, who last year bought the 415-bed London International Hotel for £7.7m from Grand Metropolitan, went on: "There is now very little truly "free" draught trade available. Almost all trade outside tied houses is now associated with some form of finance from the brewer."

Hugh Routledge

*Checking a sample at Greenall Whitley, Warrington. Regional breweries are diversifying into own-brew lagers*

While many independent brewers may be examining the possibilities of diversifications, Mr Townsend of Matthew Brown, says *his* company will definitely not be following that trail.

Regional companies such as his could not afford the massive purchases of the nationals. Acquisitions by regionals were often small so that if the business did not succeed "it did not hurt too much." However, such businesses were not normally self-developing and the regional brewer may not have the requisite management skills to develop the business.

## Reputation

The strategy adopted by Matthew Brown, with about 530 tied houses, is to push out its estate. For example, last year it acquired 18 houses around *Carlisle and West Cumbria from* John Smith's Tadcaster Brewery.

The company is also among the few independent brewers to brew its own lager which has a nationwide reputation. Earlier this month the company started nationwide distribution of Slalom lager in one litre bottles, a take-home market it had only touched upon in its own off-licence trade.

Several other regional brewers have their own draught lagers. Higson's Brewery, for example, started brewing Higson's Lager in November. However, the industry points out that such brewers generally have to provide nationally-promoted brands in their pubs alongside their own products.

Burtonwood Brewery, in Cheshire, will be seriously considering this year whether or not to start brewing a lager under licence. Mr Graham Dutton Forshaw, whose company very actively pursued Border, which was acquired by Marston, Thompson and Evershed, said: "The name of the game seems to be lager." Sales of his own beers are *down* while lager sales are up nearly 10 per cent over the past year.

With the acquisition of Burtonwood by Marston's, there is wide speculation that the Border brewery could be closed with Marston's using Border's *120-odd* pubs to increase its own volume sales.

According to the City, increasing numbers of relatively small breweries could become acquisition targets and lose their brewing facilities. One small brewer, determined to keep his own under-utilised brewery open, said that offers by larger brewers which would involve closing his brewery and selling their products were "extremely attractive." However, the brewery was to stay open.

All the independents, like the nationals, are looking carefully at their tied estate and often spending substantial sums on renovation.

Greenall Whitley, the largest independent brewer, with substantialy investment in hotels, including nine in the U.S. acquired in 1982 and spirits such as Vladivar vodka, is investing substantially in its pubs.

"Pub grub," investment in a fruit machine company and snooker halls, are all developments being strongly pursued by the company, which does not talk about its pubs but rather its multi-purpose leisure centres.

Greenall Whitley said: "There will be a diminishing market for those breweries that regard pubs as simply outlets for pints."

**L.W.**

# International trend may resume

THE DEAL signed between Anheuser Busch, the largest brewer in the U.S., and Watney Mann, part of Grand Metropolitan, to produce Budweiser beer in the UK this summer signalled that the brewing industry might once again resume its trend towards becoming more international.

Certainly, there are worldwide brewing companies within the sector. Guinness, United Breweries (Denmark) and Heineken (Holland) are three obvious examples. However, brewing has remained a series of national beer markets reinforced by strong conservatism among drinkers.

Holland, Denmark and Ire*land export a high proportion* of their production due to Heineken, UB and Guinness but elsewhere the proportion traded across borders remains low. The most common form of overseas expansion for brewers is via a licensing deal.

Anheuser, with an estimated 34 per cent of the U.S. market in 1982, has been looking overseas for several years. Beer consumption in the U.S. is stalling and the market, four times the size of the UK, has become much more price competitive} Six companies account for 93 per cent of the market, Coors 8 per cent, Pabst 7 per cent, Heileman 10 per cent, Miller 21 per cent and Stroh 13 per cent.

In short U.S. brewers face the same sort of conditions UK brewers had in the 1970s, a combination of a mature market at home but with considerable organisational and financial resources within the companies themselves.

## Formula

The British brewers looked in the early 1970s towards continental Europe but the experiment went wrong and the UK brewers are now sceptical about continental involvement on a *direct company basis.* It remains to be seen whether the U.S. brewers will fare any better.

The signs still suggest that the successful formula for brewing continues to be licensed production in individual national markets. Guinness attributes success in Nigeria to the fact that it is perceived in that country as a local company. Anheuser's attempt to get into Canada in 1982 succeeded only when it signed a licensing deal *with Labatt for the production* of Budwesier. But Bud as it is called in North America mopped up 6 per cent of the stagnating Canadian beer market almost immediately.

Watney Mann, Anheuser's partner in the UK, is no stranger to licensing deals. The company's agreement with Carlton and United Breweries (Australia) in August 1981 to brew Foster's lager under licence in the UK has given it one of the success stories of British brewing. Similarly, it has an agreement with United Breweries to produce Carlsberg under licence in the UK, although UB maintains its own production as well in Northampton.

The most obviously international move by UK brewers as far as the public was concerned last year was the introduction by Watney Mann and Truman of a new range of 12 imported beers.

These were Molson (Canada), Grimbergen Bierre d'Abbaye and Maes Pils (Belgium), Moravia Pils (West Germany), Kirin (Japan), Fischer Pils and La Belle Strassbourgeoise (France), Lutece Bierre de Paris (France), Gulpner Pilsner beer (Netherlands), Kaiser Premium (Austria) and Royal *Oak*, Eldridge Pope (UK).

The Watney Mann and Truman company set up to handle the new range estimates that while imported beers in 1983 accounted for only 2 per cent of the British market with sales of £140m, sales this year will go up by 22 per cent.

Imported beers can go wrong for companies. Truman, Watney Mann's sister-company, signed a deal with San Miguel of Spain for importing lager, a deal Truman entered with high *hopes* in 1981. The aim was that Truman would brew Spanish lager under licence in a couple of years, and it banked on the fact that UK holiday-makers in Spain had picked up a taste for San Miguel. The arrangement did not work out and earlier this year the agreement between the two companies ended.

However, there is some evidence in the rest of the European Community to suggest that tourism does stimulate demand for certain types of beer. Euromonitor, in a study of the European drinks market, found that beer demand in Greece went up 55 per cent in 1978 to 1982, coinciding with a growth in tourism from beer-drinking countries.

**G.G.**

# When Britain orders a pint, we listen.

"ANOTHER PINT, PLEASE." A simple request, but when you have more than 7,000 outlets serving beer to millions of customers, you know it's not a straightforward one.

Allied Breweries appreciates that people have a taste for quite different pints. Different types of pub. Different atmospheres.

And not only do their tastes differ, they are changing at an ever increasing pace.

A problem? It could be, but for our distinctive structure coupled with a genuine commitment to customer service.

A structure made up of locally-based companies, each enjoying real autonomy, and each enjoying a close relationship with their customers.

They have the ability to assess and respond to local tastes. That way, they brew the right local beer and talk with the right local accent.

They include, under our Ind Coope banner in the South, such companies as Taylor Walker, Benskins and Friary Meux. In Scotland, the Alloa Brewery Company. Joshua Tetley in Yorkshire, Cambrian in South Wales, and many others.

The beers they brew speak for themselves: Tetley Bitter, indisputably a legend in the North; Ansells, so revered by Midlanders, and John Bull, its Romford pedigree making it the fastest growing bitter in the South.

Each with its own local identity; all doing a roaring trade. Some of our beers however, are truly national – like Skol and Löwenbräu – and you can enjoy them in our pubs across the land.

Our beers, though, tell only half the story.

Just as our customers have differing tastes in drinks, the same is true of where they like to enjoy them.

And some of these places may come as a surprise.

The Vermont Exchange, the Monterey Exchange and the Rhode Island Diner have pioneered a new style of eating out, providing tastes of real America, serving American foods and beers.

Visit one of our Holt, Plant and Deakin pubs in the Black Country and you will sample all that's best about the English pub; a warm welcome, open fires and honest home cooking.

In London's Soho, by contrast, the newly-opened Soho Brasserie not only makes you feel welcome, it makes you feel as if you're in Paris.

Yet many of our most popular pubs remain, at our customers' behest, unchanged. Serving traditional beers in traditional pubs, full of real pub values.

These changes, these improvements, are a direct result of us listening.

Listening to our customers, both men and women, on a local level yet serving them in a way that only a national company can.

Changing when it's needed, staying resolutely the same when it isn't.

Our total commitment to the highest standards of customer service has resulted in us pulling more pints and earning better profits year by year.

And continuing response to our customers' needs will mean that Allied's success story will continue.

That's why when Britain orders a pint, we listen.

ALLIED BREWERIES

# Reform of licensing laws may be closer

THE HOME OFFICE appears to be softening its attitude towards reform of the licensing laws in the face of heavy pressure from other Government Ministers who believe the restrictions on public drinking hours are harmful to Britain's tourist and leisure industries. These are two of the important growth sectors in the economy with the ability to create new jobs.

Officials of the Department of Trade and Industry, which *has responsibility* for the tourism and leisure industries, have made clear their concern to their counterparts in the Home Office. The aim is to establish whether there could be some limited changes in the licensing laws to allow greater flexibility for pubs and other licensed premises to determine their hours of opening.

The talks, however, are very much at a preliminary stage and the chances of any legislation in the next few parliamentary sessions seem very slim. Mr Michael Montague, chairman of the English Tourist Board, says: "I believe there is good cause for confidence that the Sunday trading laws will be reformed in the lifetime of this Parliament. The same, alas, is not my assessment in relation to the licensing laws."

## Archaic

Mr Montague believes that the present laws are "no longer simply quaint and old-fashioned but archaic and absurd." He says that "visitors to this country are not only amazed when they cannot get a drink in the afternoon but are often irritated and angry." Permitted hours of sale of alcoholic drinks in most of the UK are stricter than anywhere outside the Moslem world.

How did this state of affairs come about? Laws governing the sale of drink in the UK have their origins almost five centuries ago when, in 1495, Henry VII empowered justices to close down certain ale-houses and take sureties from ale-house keepers. It was said to be part of a campaign to encourage archery rather than "useless games."

In 1552, in the last months of the reign of the 15-year-old Edward VI, a statute was issued which most authorities regard as the start of licensing law as it is known today. It required that ale-houses be licensed and banned tippling and drunkenness on the premises.

The Newmarket Proclamation issued by James I in 1618 first introduced an hours factor, with a 9 pm closing time throughout the country and no sale during divine service on Sundays. Throughout the 19th century, control of drinking places was a hotly debated political issue with legislation swaying towards greater restriction and sometimes back to a free-for-all.

The alarming drunkenness of the period provoked hard-nosed Temperance attitudes and the latter part of the century saw many a vigorous parliamentary debate. Closure between midnight on Saturday and Sunday noon was introduced in 1848 for England and Wales and in 1872 a ban was put on weekday drinking between roughly midnight and 6 am. Complete Sunday closing started in Wales in 1881.

The present pattern of licensing laws for England and Wales developed under the emergency powers of the 1914-18 War and these were consolidated in the Licensing Act of 1921 which introduced the principle of permitted hours, a new concept which empowered local magistrates to set the *times when drink could be sold*. In essence, nine-hour drinking time was allowed in two sessions —from about 11 am to 2 pm and 5.30 pm to 10.30 or 11 pm. But there remain many variations, in both town and country, because of the localised system.

The general hours were modified to their present form with the Licensing Act of 1961 and consolidated in an Act of 1964. However, the licensing laws remain far from straightforward, with complexities created by special hours licences and extensions and so on.

In Scotland, moreover, new laws enacted in 1976 allow much greater flexibility, with pubs able to stay open for a much longer period of the day than previously, depending on customers' needs and the suitability of the premises. In Wales the position is also different since Sunday opening for pubs is determined by public polls which are called in each district every seven years.

## Unanimous

The last major attempt to reform the basic licensing laws in England and Wales was made in 1972 when a Home Office committee, headed by Lord Errol, unanimously proposed that pubs should be allowed to open from 10 am to midnight and restaurants and cafes should be allowed to sell alcohol regardless of the sort of meal service they provide.

However, the Erroll report has gathered dust in Whitehall because of the organised lobby against liberalising the licensing laws—a lobby composed of religious, temperance, and health groups.

One of the main arguments against reform is that it would exacerbate Britain's already increasing problems of alcohol abuse. Mr Charles Tidbury, chairman of the Brewers' Society, rejects this argument and points out that this has not happened in Scotland since the liberalising of the laws. "Britain is one of the most sober nations in the world and is sufficiently well equipped with good sense and moderation to be trusted to treat a modest removal of restriction with restraint," he says.

"The sad, small minority who get into trouble with their drinking are not affected by pub hours," he adds. "Other factors, such as psychological or family problems, deprivation, bad housing and lack of education about the dangers of drinking excessively are much more at the root of the problem."

Mr Tidbury also makes clear that the type of change in the laws sought by brewers is for the Scottish system to apply to England and Wales. "Where local magistrates believe the change would benefit the community and where pubs concerned are suitable, then greater flexibility in the hours should be allowed," he says. "That is modest enough and it is difficult to see how it can be seriously opposed."

A 1980 report from the Scottish Health Office pointed out that there has been no increase in total consumption after the liberalising of the licensing laws. In fact, consumption appears to have fallen as a result of the recesion but the report also found that liberalisation led to more sensible drinking patterns and that the notorious "10 o'clock swill" had all but disappeared.

Mr Tidbury also points out that in Scotland longer and more flexible hours "have meant that the licensed trade has been able to employ more people and they are also convinced it has been a great fillip to tourism."

Mr Montague of the English Tourist Board questions the lack of willingness of successive governments to liberalise the licensing laws. "I wonder if these petty and archaic laws would still be on the statute book if they existed within the confines of the Houses of Parliament?" he asks.

**David Churchill**





# EEC ruling backs tied outlets

EARLY LAST summer as temperatures began to soar across Britain and beer sales rose, British brewers had only one eye on the welcoming statistics coming in from their sales departments. The other was fixed firmly on Brussels where the European Commission's Competition Directorate was about to publish a directive on the tie between brewers and tenants and other outlets supplied.

The directive was published on June 22 and guidelines explaining the new regulation were published this February. In essence the regulation provided exemption from EEC competition regulations for tied arrangements for beer and other drinks, provided the agreements contained clauses aimed at wider consumer choice.

The tie is the means by which a tenant, or an outlet with a loan from a brewery, buys beer and other products through the brewery. The European Community allowed this form of exclusive dealing to go on despite the fact that, in general, exclusive trading is against the Treaty of Rome.

EEC regulation 67, passed in 1967, allowed industries to develop exclusive dealings with retailers to sell only their products if this could be shown to be of benefit to consumers or the industry as a whole. Petrol pump stations are the other main sector affected by this regulation apart from the drinks industry.

The 1967 regulation ran out in 1982 but was extended until the new regulation came into effect on January 1 this year. The main thrust of the new tie regulations is that beers and other drinks covered must be specified in the agreement, and there must not be a restriction imposed by the brewer on the licensee from selling other types of drinks than those specified and supplied under the agreement.

Except in the case of tenancy agreements, where there is no time limit on the tie, the agreement must not last for more than ten years when it is confined to beer and to five years if it covers beer and other drinks. The arrangements covering amusement machines, which contribute several hundred million pounds a year to brewers' profits, remain as before.

Mr Neil Scourse, of brewing analysts Fielding, Newson-Smith, in an analysis of the tie published last month, said: "It is difficult to identify any features which might pose direct threats to the detailed working of the tie. Slightly greater flexibility is imposed for beer and still more for other drinks, though how real this is will depend to a considerable extent on how comprehensive the tie agreement itself can be made."

At the same time, longer-term freedom of choice for the tenant would seem to be implied in the Regulation, and this has already been granted for products other than drink.

The tie as it now stands applies to 35,000 tenanted pubs and also to those independently-owned outlets such as clubs which may have loan agreements with brewers. It does not cover the brewers' 14,000 managed houses.

## Transition period

The regulation will not affect existing agreements until January 1 1989 and for off-licences the transition period is three years. All agreements made since January 1 have had to comply with the regulation, although a number of breweries issued temporary agreements until the guidelines came from the Commission in February. The regulation itself lasts until December 31 1997.

The brewers are happy with the new deal and Guinness which has suffered in the past from brewers' pricing policies and from being stocked in only half the country's on-licences have received special protection. The brewer can require beers of such other types he does not supply to be in bottles, cans or other small packages unless the sales of such beers in draught form is customary or is necessary to satisfy a sufficient demand from consumers, the regulations state.

Tenants are also now allowed to obtain non-beer drinks if they are offered on more favourable conditions which the brewer does not meet. In the guidelines it is stated that these should first be judged on price but such factors as delivery and time to pay should also be taken into account. It excludes special offers of more favourable conditions.

The right is also being given to tenants to obtain brands not in the brewer's normal price list, or which the brewer is not prepared to offer. Both provisions must be conducted "under the general legal principle whereby contracting parties exercise their rights in good faith."

The National Union of Licensed Victuallers, which represents some 25,000 licensees, has told its members that they should allow the brewer three working days before buying in under the more favourable clause. It has stressed that once an agreement is in force the brewer can not add new types of drinks to those already specified.

The brewing industry has got the sort of agreement it wanted and claims that the European Commission has endorsed the tie. It has "benefits for customers, the licensed trade and for brewers an others who own licensed premises, particularly pubs," the Brewers' Society said in February.

The brewers had long argued that without a strong tie tenanted pubs' rents would go up, marginal pubs would close and distribution costs increase. It was an argument accepted by the British Government.

The debate over the tie has again made it clear that within the EEC political considerations still play a major role in shaping competition policy.

While the regulation covered all community members and also petrol stations, most intense lobbying surrounded the brewers' tie in the UK. The stakes were high; the brewers' bedrock has been the tie for the past 80 years and it has enabled them to dictate terms to companies wishing to supply public houses.

This battle was reflected in five widely differing draft regulations issued by the Commission. The official dealing with the issue saw 200 delegations in six months, many of them in secret as companies were afraid to be seen opposing the brewers in public.

In attempting to balance such a vast number of different interests the competition directorate had to take into account the existence of some 250,000 separate brewing contracts in the Community.

**Gareth Griffiths**

# PET bottles challenge glass and cans

A THIRSTY drinker of a non-draught beer rarely cares if the drink comes out of a can or a bottle, as long as he or she finds it satisfying and refreshing.

However, the way the beer is packaged will have played a bigger part than is usually considered in the decision to buy it in the first place. The buy it in the first place.

The package also has to appear safe to handle and easy to open. It should not add unduly to the price of the beer and, above all, it should preserve the beer's flavour until it is drunk.

While the consumer may be only vaguely aware of these factors, they are being continually weighed by the brewing industry, together with the retail and distributive trade and the packaging manufacturers.

Despite the fall in the last two years, the take-home trade has been increasing for the past nine months and is expected to rise from about 10 per cent of total British beer sales to 16 or 17 per cent by the end of the decade.

Among the reasons for the increase are changes in people's lifestyle, such as the growth in home entertainments such as television and video players. There is also the change in shopping habbits and the increased importance of the supermarkets.

Against this background, Vincent Kehoe, managing director of Bass Sales, says he regards packaging as "the most dynamic element in beer retailing over the next 10 years."

As a purchaser of a wide range of cans and bottles, he acknowledges the advances being made by the British packaging industry, but also believes it is not being innovative enough.

Vincent Kehoe is particularly keen to see a wider variety of shapes being offered by makers of glass bottles. The last major change in shape offered by the glass industry was the wide-mouth bottle in the late 1970s. It was devised as the glass-makers' belated answer to the can, but it failed to live up to its expectations.

## Inroads

Since then, both the glass-makers and the can makers have faced another challenge — the PET plastic bottle, which has swallowed up 7½ per cent of the take-home trade in little more than two years.

The advance of PET (polyethylene terephthalate) has been largely at the expense of the four and seven-pint tin-plate party can, which is now almost extinct.

However, it has also made further heavy inroads into the crumbling bastion of the returnable glass bottle. Under the impact of PET, the glassmakers have been stimulated to come up with better labelling and stronger, lighter bottles.

The major innovation in labelling is the 360 degree sleeves used by the main manufacturers. While United Glass uses the polystyrene Plastishield label, Rockware has gone for the PVC (polyvinyl chloride) sleeves, devised by Fuji of Japan.

United Glass is also understood to be developing an integral label on beer bottles, resembling that on door-step milk bottles and on some wine bottles. Brewers see this refinement as fitting in with the tendency of glass bottles increasing to be used for high-quality beers.

Undoubtedly, however, any innovation by glassmakers will be far less spectacular than the revolution caused by the advent of PET as the third runner in what was previously a two-horse race (cans v. glass).

PET beer bottles were pioneered by Metal Box, the country's biggest packaging company, with encouragement by supermarkets, some of whom have an inbuilt bias against glass.

With demand from brewers rapidly catching up with Metal Box's capacity, other packaging manufacturers were not slow to enter the market.

PVC-sleeved glass bottle (left) and PET competitors

They had already been involved in making PET bottles for carbonated soft drinks. In making PET bottles for beer, they had to master the trick of coating each bottle with latex to prevent oxygen from seeping into the beer.

Until last year, Metal Box had the market for PET beer bottles to itself. But its competitors now claim that this year they will grab more than 30 per cent of the market.

Metal Box's biggest challenger is Fibrenyle, part of the Mardon Packaging group owned by B.A.T. Industries, and based at Corby, Northants, and Beccles, Suffolk. Other suppliers are the privately-owned Linpac and Okhai packing concerns.

Already the biggest producer of PET bottles for fizzy drinks, Fibrenyle began making coated beer bottles at Corby last year, and entered the market thanks to its commercial links with Allied Lyons. It started with one- and two-litre sizes and is about to add 1.5 litre bottles as well.

This year, Fibrenyle expects to produce 40m beer bottles, double last year's output.

Before starting to use PET, brewers had to satisfy themselves that it would not affect the quality of the beer and that it would ensure a sufficient shelf-life. Originally, only 12 weeks shelf life was guaranteed, but major brewers such as Bass now say their beer in PET containers has a shelf life of 21 weeks—compared with 30 weeks on most cans.

As with most new packaging developments, brewers initially relied on a contract packer for filling their PET bottles. There was also a technical reason for this — the normal brewery system of tunnel pasteurising is unsuitable for PET and it is necessary to flash-pasteurise the beer before filling it.

## Invested

The independent Davenports Brewery of Birmingham was one of the few UK operators with a flash pasteurising line and therefore carried out much of the early filling for other companies. Now, however, many major breweries have invested in their own flash pasteurisers so that they can fill their own PET bottles.

Further development, meanwhile, is taking place on improving the performance of PET bottles.

But PET will have to advance a long way before it can inflict serious damage on the popular 16 ounce can, which carried 72 per cent of the beer sold last year via the take-home trade.

Vincent Kehoe of Bass calls the 16 oz can "the model T Ford" of beer packaging.

But even cans are not exempt from his plea for greater innovation—in cheap multipacks, more sizes and, above all, in better decoration.

**Maurice Samuelson**

PROFILE: ALCOHOL CONCERN

# Comprehensive approach to alcohol abuse

"THE PROBLEM is not a liquid," says Dianne Hayter, director of Alcohol Concern. "The problems are fundamentally personality or marital problems."

Alcohol Concern, the national agency on alcohol abuse, is only a few weeks old—a recent amalgamation of the various government-funded agencies on alcoholism. It intends to take an immediate, aggressive approach to both preventing the abuse of alcohol and helping those who already have drinking problems.

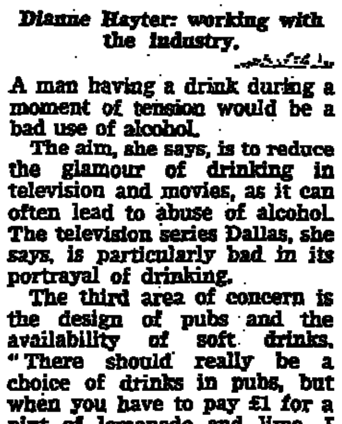
Ms Hayter stresses, however, that the agency does not plan to work against the brewing industry in its campaigns, but hopes to work with it.

Alcohol Concern will be looking into three areas which affect the industry. The first is research. Through a number of universities, Alcohol Concern hopes to sponsor clinical research into the physical effects of alcohol on various groups of people.

If their findings show that elderly people, for instance, are more likely to suffer physical damage from drinking large amounts of lager than younger people, then the group would consider working with the industry on an educational campaign pointing out these risks.

The second area of interest between the organisation and the industry will be advertising. "It's wrong to think that showing nice people drinking on beaches doesn't affect consumption. The industry says they are just supporting their brand against others, but I think that is a nonsense," Ms Hayter says.

The group does not oppose advertising beer or wine, provided that the alcohol is consumed in the right circumstances. A wedding, for example, would be the proper time to show people drinking.



*Dianne Hayter: working with the industry.*

A man having a drink during a moment of tension would be a bad use of alcohol.

The aim, she says, is to reduce the glamour of drinking in television and movies, as it can often lead to abuse of alcohol. The television series Dallas, she says, is particularly bad in its portrayal of drinking.

The third area of concern is the design of pubs and the availability of soft drinks. "There should really be a choice of drinks in pubs, but when you have to pay £1 for a pint of lemonade and lime, I have to think they are pricing soft drinks to make you drink alcohol."

This sort of pricing put pressure on people who wanted to cut down on their drinking but still want to enjoy pub life.

"In many parts of Britain, if you cut out a person's pub life, you must also cut out their social life. This seems unfair. People should be able to get coffee, good food, soft drinks, fruit juices as well as beer at a pub. Socialising doesn't have to surround the consumption of alcohol."

Ms Hayter also points out that the ill effects of over-consumption can be eased by eating while drinking. Even so, she says, many pubs have nothing to eat, not even crisps.

"These are the things I want to talk to the industry about," she says. Ms Hayter's own background is administrative: she was general secretary of the Fabian Society for several years between working on a Week in Politics at Channel 4 briefly before joining Alcohol Concern.

"Problem drinking doesn't get the political attention it should. You have good lobbies on spina bifida, care for the elderly, but alcohol abuse isn't very high up on the political agenda. We have to educate people that alcohol is a damaging way to solve problems because it creates new problems," she says.

The group will be dealing with individuals through its 41 local councils and various regional councils. "We are trying to teach a different way of crisis management than hitting the bottle," Ms Hayter says. "This might be counselling, or playing a game of squash, or confronting the real problem whatever it is."

The group is particularly concerned with excessive drinking by young people.

Alcohol Concern has a budget of about £350,000, which will be largely used for administration. Education campaigns will be co-ordinated through education and health agencies. "We are facilitators," says Ms Hayter.

**Carla Rapoport**

Trevor Humphries

Improved service such as a stronger emphasis on meals is likely to help pubs remain profitable in the face of unchanged beer sales

# More professionalism a key to pub service

POTTED PLANTS, discreet lighting, cocktails in the bar and early morning coffee before official opening hours are among the ingredients of the pub in 1984.

Even among men, mainstay of the British pub trade, market research shows very strongly that the most attractive feature of the "local" is not necessarily the beer.

A recent survey of 6,000 male pub-goers by Survey Plan elicited the response from 72 per cent that the main reason they visited their local was the company and atmosphere.

And while 27 per cent liked the beer, a surprisingly large number—14 per cent—mentioned the landlord.

"The management style of a landlord (and this should be equally true of managers as well as tenants) is viewed as paramount in importance by many consumers," a management consultancy told one of Britain's major brewers recently.

"The landlord's ability to make people feel welcome, to ensure efficient service and to show real interest in a pub is vital and is seen to be in decline. Criticism is most generally levelled at managers, many of whom are seen to be unmotivated and uncaring."

## Morning coffee

Improved service and greater professionalism among pub staff is a key area for brewers as they concentrate on retailing in their outlets and offer services, such as early morning coffee, outside standard opening hours.

Grand Metropolitan's Host group, which manages the group's managed houses recently invited its 4,000 managers to the Albert Hall in London to talk about the group's strategy which includes new training techniques.

"As your houses take on a new look, you must acquire new service and selling techniques," Mr Mike Kettell, the operations director told staff. "Selling has to become a professional accomplishment for you and your staff if we are to become the most successful retailing company in the mid-1980s."

Host's strategy, which includes new staff bonus schemes and each outlet being given its own financial target, has created considerable discontent among some managers but issues have now been resolved, according to the group's management.

But new skills are having to be acquired as more pubs are turned over to restaurants with drink rather than pubs with snacks, for example. For food is one profit growth area for brewers facing unchanged beer sales.

Mr Douglas Strachan, managing director of Allied Breweries, said: "Presentation of the freshest food is one of our major strategies."

While the major brewers have separate divisions concentrating on the provision of food, small brewers do not have the same resources. With rising consumer expectations about what they can find in a pub, this could put many of the small brewers at a disadvantage.

Higson's brewery in Liverpool said for example: "We have no plans for more sophisticated eating places. At the moment we have not got a separate catering department to deal with it."

One of the concerns of regional brewers is very much whether or not the more conscious retail marketing approach for pubs will succeed in pulling traffic away from traditional English pubs, still largely offered by regional companies.

Another question which the emphasis on marketing raises, according to Ruddles Brewery, which has no tied houses but supplies its beer to major brewers and the off-licence trade, is whether or not a new style of pub management will emerge in the late 1980s.

Ruddles said: "In managed houses the retail offer will be controlled precisely, with key brands in each sector linked to offer the strongest appeal to target consumers, including brands produced by third parties. Famous regional and national beer brands have an important traffic-building and credibility role to play in this style of specialist outlet.

"The same principles apply equally to the tenanted trade but implementation will inevitably be more difficult without full control of the marketing offer made outlet by outlet.

## Tensions

"Arguably one of the greatest tensions between brewer and tenant in the 1980s will be control of the marketing offer made to consumers outlet by outlet. This begs the question for the late 1980s whether the trade could see an emergence of a franchise style of pub management as opposed to tenanted.

"The tenancy system is already a kind of franchise," said the Brewers Society "and there are no signs of an increased number of managed houses." In fact, the number of managed houses has remained stable over the past 10 years—at about 13,800 while the number of tenanted houses has fallen from 41,000 to about 35,000, the fall very much being taken up by free houses which now number about 10,000.

The reason for an increase in free houses, said the Brewers Society, was that major brewers in pursuing rationalisation programmes had divested themselves of one pub, for example, in a small community where the brewer had perhaps two outlets.

The new emphasis on marketing, the society said, was being more vigorously pursued among managed houses, which now often had specialist management, such as Host and Imperial Leisure & Retailing. However, enterprising tenants would probably become increasingly involved. "A lot depends on the licensing laws," the society said.

**Lisa Wood**

# Greater energy savings possible

AS IT gloomily surveys the steady decline in beer consumption, Britain's brewing industry can at least congratulate itself on its remarkable record in cutting the energy consumption in its breweries.

This is now 16.5 per cent less than in 1976, and had demand not fallen unexpectedly between 1978 and 1982, when these savings were achieved, the industry might have achieved the 20 per cent cut it had sought in those four years.

The extent of the industry's achievement was revealed in January at a special conference of the Brewers Society.

The conference's most salient finding, however, was that while the brewers still have room for greater efficiency in the breweries, they can also make big energy savings elsewhere.

According to Dr Leslie Malkin, of the Government's Energy Technology Support Unit (ETSU), while breweries spent £80m on energy (at 1984 prices), the overall annual energy bill for pubs, restaurants and small hotels (fewer than 50 beds) was £470m.

In Dr Malkin's view, it should be possible to reduce the energy consumption of the pub, hotel and catering industry by at least 30 per cent using measures known today and without any lowering in comfort levels or standards of service.

The two largest items on the energy bill of a pub are space heating and lighting with the boiler as the largest single user. The remainder is used for domestic hot water, cellar cooling and cooking.

In addition to uprating the equipment associated with these services, Dr Malkin suggested the use of heat pumps for cooling the cellar and providing hot water.

With support from the Energy Department, Allied Breweries has already installed heat pumps as a demonstration scheme in six premises.

Heat recovery is already identified as the main conservation method in the brewing process itself which involves such energy intensive activities as boiling, washing, pasteurising, and cooling.

Brewers are among the companies who have decided to use coal instead of fuel oil or gas for steam raising. John Smith's Tadcaster Brewery and the Bass Mirfield Maltings have both installed coal-burning fluidised bed combustion boilers, helped by Government grants.

However, this is by no means a general trend. As the accompanying table shows, coal has benefited least by the brewers' move away from oil. The major switch has been to gas.

**Maurice Samuelson**

TOTAL ENERGY USED BY BREWERIES

| % | 1976 | 1982 |
|---|---|---|
| Electricity | 11.0 | 15.4 |
| Gas | 27.0 | 41.7 |
| Coal | 13.0 | 12.4 |
| Oil (all types) | 49.0 | 30.5 |
| | 100.00 | 100.0 |

Source: Brewers' Society

Improvements in the industry have been met by a muted response

# City takes a cautious view

THE BREWERS' shares went rather flat on the stock market last year after quite a bubbly 1982 which had seen many of them significantly upgraded. Their relative performance so far into 1984 has strengthened a little, but they are still far from being the darlings of the market.

The City's simplest explanation for this is that the brewing sector has long been regarded as a defensive investment, good as a hedge in bear markets but hardly the stuff of an exciting bull market portfolio. It ought not to be too surprising, therefore, that the brewers and distillers—which share the one FT Actuaries index—should have been left behind by last year's market action. They in fact under-performed by 20.5 per cent.

Unfortunately for the brewers, there is another explanation. It is less simple and it poses far trickier questions for those already invested in the sector.

Even though it has performed broadly in line with the rest of the stock market over the past few months, the sector's relative investment rating is still at a very low point in historic terms. This leaves the bull/bear explanation looking a bit thin—particularly so given the weight of buy recommendations from some stockbrokers impressed by the time and money spent by the brewing industry on itself since the late 1970s.

The huge capital investment in lower cost production facilities, the efforts made to broaden the trading base beyond the traditional beer and skittles, the concern of the brewers to develop a new image better suited to changing consumer patterns — none of this has passed unnoticed in the City. Yet the shares still trade with remarkable uniformity around p/e multiples—using forecasted earnings per share figures on an actual tax basis — of 9-10 for the big national groups and about 9-12 for most of the regional brewers.

As this muted response might suggest, there are in fact two broad schools of thought within the stockbroking community and the poor performance of the sector has reflected the ascendency for some time now of the more pessimistic of the two.

To summarise the latter's case, beer consumption trends leave no doubt that brewing is an ex-growth industry and the complexity of the changes facing it invites deep scepticism about the strategic antidotes currently on offer. There are parallels to be drawn here between beer and tobacco, say the pessimists, and the new, low inflationary environment has revealed the poor growth prospects for both products as never before.

In the opposing camp, one or two analysts remain conspicuous for their confidence that production volumes will begin to grow again, even on a longer-term basis. But the majority acknowledge a daunting long-term trend and base their optimism instead on hopes of higher beer sales over the next couple of years, attended by much stronger profit margins and a steady expansion of non-beer earnings.

Factors peculiar to 1984-85, in this view, include lower relative prices for beer than have been seen for several years, the possibility of a one-off expansion of the market through higher sales to women and a belated arrival in British pubs of the spending boom witnessed in other parts of the consumer sector since mid-1982.

Arguably, the investment community would find it easier to decide between these two attitudes if it had more confidence than seems apparent in the general quality of the industry's management. There is little real argument, for example, about the desirability of product diversification, for the brewers as for the cigarette manufacturers. But such major steps to date as Allied's merger with Lyons or Bass's purchase of Coral Leisure have caused bad attacks of nervousness in the City.

In these circumstances, radical management changes can have a remarkable impact in the stock market and it is no coincidence that the two best performers in the sector over the past 12 months are Guinness and Scottish & Newcastle: they have risen by 55 and 50 per cent respectively.

In Guinness's case, the market has acknowledged an efficient clearing of some very cluttered decks. Investors probably remain unconvinced that Guinness can squeeze new growth out of its domestic markets; but the new management has at least inspired some confidence that its product could yet win fresh markets overseas—or be made, perhaps, the basis of some rather more coherent diversification.

Scottish & Newcastle has impressed the stock market by matching tight financial controls to a good strategic position within the industry—both geographically and vis-a-vis its retailing profile—and translating both into strong profits growth. As with Guinness, S & N's shares have enjoyed a measure of speculative interest as well.

Elsewhere in the sector, meanwhile, share prices have been more obviously subject to the continuing scrutiny of consumer trends. Statistics in the brewing industry can be more questionable than most and endless discussion of the trends might therefore have set the scene for a dull market; but there have been at least three lively sub-plots.

The first has seen the shares of the regional brewers cast down from the elevated positions bequeathed to them by all the enthusiasm for real ale. As the recession gathered pace, investors looked to the regional brewers to prove they were more adept than the national groups at consumer marketing—and better positioned, too, to sustain volume growth by expanding their share of the national market.

Many investors appear to have taken one look at last year's interim profits and decided that this optimism was misplaced. As a result, companies like Boddingtons and Greene King saw their p/e multiples in the stock market cut from 20 or more to the 10-12 range. However, the brokers' support for many regional brewers has not been entirely eroded and some, like Vaux or Wolverhampton & Dudley, have attracted fresh recommendations this year.

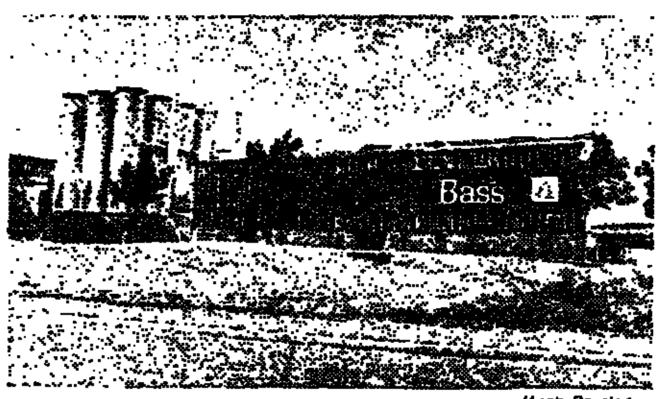
Second, there has been a steady growth of interest in the brewers' declared strategy of arresting the commercial decline of the public house. Leisure retailers still seem an unlikely professional description of a good many publicans; but all the major groups have been spending heavily on the refurbishment of their tied estates.

Here again, the City's attitude is split starkly between those who welcome the strategy and those who doubt that such lavish capital expenditure can possibly be truly cost effective, given the size and marketing approach of the national brewer.

This reassessment of their traditional market has led some of the brewers directly into food retailing, notably Whitbread which earlier this month disclosed the possibility that it might purchase Henekey Inns from Trusthouse Forte. Diversification has provided a third major focus of the stock market's interest in the sector.

Hotel chains and holiday businesses have been two key areas, for brewing as for one or two of the distillers. In the light of Scottish & Newcastle's successful development of its Thistle Hotels, there is perhaps a little more confidence that diversification in these directions can bring rewards.

**Duncan Campbell-Smith**




Hugh Routledge

The Bass plant at Runcorn. Huge capital investment by brewers has reduced production costs

# Small brewers a tougher breed

ABOUT 20 small breweries have gone to the wall in the past year but the survivors are a tougher and more wily breed, developing flexibility and formulas for success learned from the mistakes of others.

Tim Chudley of Chudleys Ales in Maida Vale, London, gained a Master's degree in brewing from Birmingham University and used redundancy money to set up his own small brewery in 1981. He now supplies the London free trade with three different beers from his 15-barrel brewery and has plans to double capacity. Turnover has risen from £60,000 to £200,000.

He says the failures in the industry have come through brewers "lacking the necessary technical and business skills, plus having the wrong financial set up.

"They borrow too much money and put strain on the business when initially they should be concentrating on building a reputation and not trying to sell large volumes of beer."

The latest brewers in trouble are Tisbury Brewery in Wiltshire, which lost £205,000 last year, has debts of £230,000, and needs £35,000 to keep on trading. Fortunately, shareholders have agreed to pour more money in.

The fitter second generation brewers are the ones now busily buying up pubs, so as not to be at the mercy of the tied trade (much of which extends into the ostensibly free trade) and developing sidelines such as building brewery plant to see them through the thin times.

Mr Peter Austin, chairman of the Small Independent Brewers' Association (SIBA) says: "Most of us realise that with the awful battle for the free trade, we are forced into buying our own pubs. As regards return on capital, a small brewery owning about 20 pubs might be the most rewarding."

Other savings are on transport, time and salaries since brewers can double for publicans and breweries can charge their own landlords an additional retail profit.

Austin now has four outlets himself, the latest being the Old Thumper in Bournemouth due to open in a week's time. He plans to continue buying pubs at the rate of one a year.

Some small independents simply cannot afford to buy pubs, especially on expensive city sites. But Peter Austin adds: "A small brewery with a reasonable track record which brews good beers and doesn't go bust, must be worth backing when it gets to the stage of wanting to buy some."

On the other hand, small brewers must be careful they do not sign their ownership away in the eagerness to borrow money. This was a problem faced but neatly side-stepped by Bruce's Breweries in London.

David Bruce, 30, set up in 1979 after he spotted a boarded-up ex-Trumans pub in Southwark, South London. With a second mortgage and bank and brewery loans, he turned it into the Goose and Firkin with sawdust on the floor and his own beer on tap. He now has five such pubs and is planning a sixth.

But two years ago he nearly came to grief as he realised that his hard-working efforts were becoming too complicated to handle. He sought the advice of management consultants Touche Ross. "After seeing them I realised that I needed a chartered accountant on the board and should delegate more and concentrate on what I was good at. I was very lucky."

Instead of borrowing the £300,000 he needed by selling 30 to 35 per cent of his business to a pension fund or the OTC, he went to the ICFC because they were willing to buy only 10 per cent "and they let you run the company yourself."

Fergus Falk, a partner at Touche Ross, points out that small breweries have to follow exactly the same rules as other businesses of their size: "They have to plan properly and have a fall back if things go wrong—it's best to diversify. But if you're going to have all your eggs in one basket, they'd better be good ones."

**Elisabeth Baker**

Trevor Humphries

David Bruce taps a barrel. He resisted the urge to borrow money at any cost

## APPOINTMENTS

# Deputy chairman of CEGB

The Secretary of State for Energy, has re-appointed Mr Fred E. Bonner as deputy chairman of the CENTRAL ELECTRICITY GENERATING BOARD for two years from April 16. He has been a full-time member of the board since January, 1969, and deputy chairman since April 1975.

★

Mr C. D. Smith, group financial controller and company secretary, has been appointed a director of ARGYLL GROUP. He joined Argyll Foods as financial controller in 1979, and was appointed group financial controller and company secretary following the merger of Argyll Foods and Amalgamated Distilled Products. Mr Smith will also join the boards of Argyll Foods and Amalgamated Distilled Products.

★

Three senior executives of the Burmah Group, Mr S. E. Churchfield, Mr J. M. Fry and Mr K. F. D. Wilson, have been appointed to the board of BURMAH OIL. Mr Churchfield is chief executive, exploration and production; Mr Fry is chief executive, speciality chemicals and Mr Wilson is group personnel director.

★

Mr Michael Orr, former chairman and chief executive of the Colt Car company is chairman of the newly-formed MORR ENERGY company of Kingsbridge, near Totnes, South Devon.

★

Ms Cynthia Jacobs has been appointed financial director of NICO MANUFACTURING, a division of Walter Lawrence Manufacturing, a wholly-owned subsidiary of Walter Lawrence. She is the first female director to be appointed since Walter Lawrence went public in 1975. She was company secretary and financial accountant to Nico.

★

SECOND ALLIANCE TRUST has appointed Mr Robert C. Smith as its chairman in place of Mr George W. Dunn who retires.

★

VULCANA GAS APPLIANCES of Crawley, Sussex, has appointed Mr Stephen Brentnall to its board as financial director. He has been Vulcana's commercial manager for eight years, and before that its auditor.

★

Mr E. S. Hunter has been appointed chief executive Gulf of GRAY MACKENZIE AND CO.

★

Dr Jeffrey Butcher, has been appointed a non-executive director of the FRANK HORSELL GROUP, of Morley, Leeds, a manufacturer of lithographic printing plates and equipment. Dr Butcher is chairman and managing director of Yorkshire Chemicals, of Leeds and Selby.

★

Mr Howard Exten-Smith has been appointed marketing manager for RTZ COMPUTER SERVICES, the Bristol-based software house specialising in financial accountancy systems. He was media manager at Advertising Contract.

★

The new board of VG DISTRIBUTORS (formerly AGD) will be: chairman, Mr R S Jacques, chairman Amalgamated Foods; Mr E. Thompson, managing director Watson and Philip; Mr J. R. H. Agnew, chairman John Henderson; Mr J. Black, managing director Booker Food Services; and Mr G. W. Parsons, deputy managing director Amalgamated Foods.

★

Following the acquisition of the Twinlock Group, Acco World Corp has appointed Mr George Goode president, ACCO EUROPE, in succession to Mr Jeffrey Hewson. Acco's European head office is at Beckenham in Kent. Mr Goode is responsible for all Twinlock and Acco operations in Europe, South Africa, Australia and New Zealand, he was managing director of Twinlock.

★

Mr Philip Sheldon, who joined KAE DEVELOPMENT last September as a senior consultant, has been appointed a director.

★

OMES FAULKNER, the Colnbrook-based specialist forgemaster, has made the following board appointments and functions: Mr William B. Close is works director; Mr Kenneth Lebb is commercial director; Mr David J. Rooke, production director and Mr David J. Worrall personnel director.

★

Mr David Crofts has been appointed vice president and general manager of the computer systems operations of SPERRY in the UK and Ireland. He takes over from Mr W. R. Read who has resigned. Mr Crofts will also be appointed managing director of Sperry Ltd, the UK subsidiary of Sperry Corporation. Mr Crofts was vice president and managing director of Paradyne Europe, and before that held directorships and senior management posts with Honeywell UK.

Mr David Crofts, vice-president and general manager, Sperry computer operations

★

Mr Bernard Rawlings has been appointed managing director of CARBOFOL.

★

Prof Tony Cusens has joined Harry Stanger as non-executive director. He becomes chairman of the company's technical development committee. Prof Cusens is head of the department of civil engineering at the University of Leeds.

★

Mr Michael K. Holloway has been appointed a non-executive director of FEDERATED HOUSING. He is a non-executive director of the Anglia Building Society.

★

DECLAN KELLY GROUP has appointed three non-executive directors to the main board. They are Mr Larry Coyne, head of business development at Channel 4, Mr David Beety, senior partner of Knapp-Fishers, and Mr Eric Lewrie, formerly with Barclays Bank.

★

Following his retirement on March 31, Mr F. R. D. Holland is to continue as a director of C. E. NORTON in a non-executive capacity.

★

COMMERCIAL UNION ASSURANCE has appointed Mr R. S. George deputy group marine manager and underwriter. Mr P. L. Evans has become assistant group marine manager in addition to his position as underwriter, indemnity marine.

★

Mr Alan Charlesworth has been appointed managing director of MINTEL PUBLICATIONS. He joined in October last year as marketing director.

★

The INTERNATIONAL PETROLEUM EXCHANGE has appointed Mr Alasdair Menzies and Ms Meg Annesley to the board. Mr Menzies is managing director of Merrill Lynch Pierce Fenner & Smith (Brokers and Dealers) and Ms Annesley is managing director of Tricentrol Oil Trading.

★

Mr Colin R. Corness, chairman of Redland who has been a non-executive director of Chubb and Son since 1974, has been appointed deputy chairman of CHUBB and SON.

★

Mr Christopher Lucy has been appointed a senior executive within AKROYD & SMITHERS, stockjobbers.

★

Mr Andrew King has been appointed deputy managing director of WILLIAM ELLIS (ETCHINGHAM). He joins from W. C. Hilton where he was chairman.

# Whitbread expands leisure interests in £10m THF deal

**Whitbread,** the major brewer, announced yesterday that it has bought the Henekeys Inn chain for £10.5m from **Trusthouse Forte.**

While Whitbread, Britain's third largest brewer, has been increasing its activities in the leisure market, THF's recent divestments have shown it to be concentrating on its mainstream hotel and catering businesses.

Negotiations for the purchase have been continuing for some time and the 22 steak houses will strengthen Whitbread's activities in London and the South East of England, the company said.

The acquisition marks Whitbread's growing interest in the leisure market. The brewer, which now makes about 40 per cent of its profits from non-beer related activities, already operates the Beefeater Steak Houses, Pizza Hut restaurants, Country Club and Budget Hotels.

Earlier this year Whitbread made a £4.5m acquisition of some 21 pubs and discos in the Midlands. The company bought Midland Aleshouses, the trading operation of which is called Grosvenor Leisure.

Whitbread also this year considerably extended its off-licence chain with the £18m acquisition of the T. F. Ashe and Nephew off-licence chain.

Henekeys will join Whitbread's retail division. Mr Tim Thwaites, managing director of the division, said: "The acquisition of Henekeys is a further important step to expand our retail operations. It will particularly ensure that Whitbread becomes even more significant in the steak house market and will provide us with sites in areas where we are not represented at the moment."

## Cambridge Elec.

**Cambridge Electronic Industries** is to sell its subsidiary, **Pye RF Systems,** which makes radio frequency and heating and drying equipment for use in the woodworking and textile industries. Cambridge Electronic believes that the company is more likely to be successful within an organisation which has closer links with those industries. The parent company state that during the negotiations, which they expect will take between four to six weeks, efforts will be made to safeguard the employment of as many as possible of the firms 32-strong workforce.

# John Brown gets £2m on sale of Boalloy

By Alexander Nicoll

ENGINEERING GROUP **John Brown** has sold Boalloy, a maker of sliding-sided bodies for commercial vehicles, back to its founders for £2m.

The sale falls within Brown's strategy of selling "non-core" businesses if attractive offers are made. Sir John Cuckney, who took over the chairmanship last year, introduced the rationalisation plan in an attempt to return the group to profit.

A spokesman for Brown said the sale also eliminated competition between two parts of its Craven Tasker division, to which Boalloy belonged. Craven Tasker can continue to make "curtain-sided" vehicles even without Boalloy, he said.

Boalloy's purchaser was Boalloy Engineering, which was originally set up by Boalloy before Brown acquired the parent in 1978. Boalloy Engineering remained independent after Brown's purchase, and has concentrated on foreign sales while Boalloy has focused on the UK market.

Boalloy's founders, Mr Gerald Broadbent and Mr Geoff Browning, will jointly head the merged operations which are based in Cheshire and will have a turnover of about £15m this year.

# News Intl. underwrites Satellite TV rights call

BY RAYMOND SNODDY

**Satellite Television,** the company which runs Sky Channel, yesterday announced a £8.3m rights issue. The issue is being underwritten by Mr Rupert Murdoch's News International which last June injected £5m for 65 per cent of the equity.

The terms are two new shares and or £34 of new convertible stock for every nine shares and or every £90 in convertible stock. The conversion ratio is one share for £10 of stock.

Mr David Berriman, of Guinness Mahon, chairman of Satellite TV, warns in the prospectus that "any anticipation of significant profits must still be regarded as highly speculative."

The company, which distributes a general entertainment channel from London by satellite to cable systems around Europe, now costs £7.5m a year to run. Only a small portion of this is met from advertising income.

Mr Berriman, however, said yesterday that "the confidence shown by News International is most encouraging."

The company expects to have to raise a further £3m early in 1985 and that break-even is still probably three years away. That would mean a total financing of £17m since 1982.

Sky Channel is now on cable systems connected to 659,000 homes. Last night this number rose by another 17,300 when a new cable system in the Italian speaking area of Switzerland took the channel.

Mr Patrick Cox, managing director of Satellite TV, said yesterday that audience research on cable systems in Oslo and Helsinki showed that Sky Channel had a 70 per cent weekly reach among its key target group—15 to 34 year-olds.

The company was holding its advertising rates at £200 for 30 second slots sold in packages. "We are on track. It is not if it will happen but when."

Sky Channel is awaiting formal confirmation that the Dutch Government will permit it to be shown on cable systems in the important Dutch market.

The office of Mr Eelco Brinkman, Dutch Culture Minister, said last week the decision to approve Sky Channel had already been taken.

# 'Abnormal' UK claims hit CU

MR SANDY MARSHALL, chairman of Commercial Union, told shareholders at yesterday's annual meeting, that the year had started very badly for the group. It had paid out some £12m in the UK on severe weather claims over and above what would be paid in a normal year.

However, he claimed some small improvement in the U.S., despite the storm damage caused by tornados and other natural catastrophes.

He told shareholders that it was inappropriate to comment on recent speculation in the market of a possible bid or a deal on the group's U.S. business, which had sent the share price rising strongly in recent weeks. The group had not been able to track down the source of these rumours.

A great deal remained to be done to improve the U.S. account. But he felt that the programme for elimination of unprofitable business and the moves already made gave him reason for cautious optimism for the future.

The board had looked at all options available to it on its U.S. business, including withdrawing from the country.

# Another 82 companies wound up

COMPULSORY winding up orders aaginst the following 82 companies were made in the High Court:

South Hampshire Assurance Services (Investments), Stoverfine, R. J. Sweeting White & Company, Leech's Developments, Bradley Hall Chemicals.

Inter-City Camera Centres, Transfer Carriers, Thornton Stewart, Kincrest Engineering, Eagle Trucking, J. K. Electrical (Daventry).

Windowcraft, David Abbott (Haulage), Zodiac (Fancy Goods), Brading & Churcher (Engineering), C. L. S. Groundworks (Chertsey), Gards Developments.

Keenfold, Copyflow, Allerwick Farming, T. R. Demolition, Townley Smith & James Enterprises, Hatchbrook.

Existalarm, Blazerfern, Ken Close (Properties), B.M.S. (West Midlands), Ian Banning, Jack Smith Turf Accountants (Stourport).

Kegworth and District Ex-Servicemen's Club, Misty Days Management, Downkuirk Supplies, Acorn Painting & Decorating (Middlesbrough), Butepalm, Puma Builders.

Shadow of Lucy, Prinkat, E. F. Wilson Builders (Rugby), Treedone, Duhart Construction, James Owen & Co. (Builders), P. Hermans.

G & F Group, Empire Jackets, Advance Advertising, N. C. Watling and Company, Quintongate, Saffron Contract Services (Eastern).

Hari - Har (UK), Sterling Growth Agencies, Donningway, Bellini Cosmetics, Morbec Meat Packers, Ronald Winger.

Onsite Metalwork (Sutton), Town and Country Scaffolding, Cheshire Mail Order Company, Midland Cleaning and Bar Services, Omega Gifts, Five to Nine Secretarial Services.

S.P.R. Chemicals, Forward Plastics, Ashburners (Floor Covering Services), Castle Service Station, Postwrights, A.D.S.O., Deal.

Cubicmanor, Mightrose Builders, Jestico, Pelenger, Patercrest.

G H S Fire and Safety Equipment, Roverhire, Flickers, Bentley Construction (Solihull), Vegas.

Dryden Build, Proprietary Investments, Webstone, Moore Services (Tyres), Ray Harris Marine.

## BIDS AND DEALS IN BRIEF

At an EGM of **Marston Thompson and Evershed**—the ordinary resolutions to approve the acquisition of the share capital and debentures of **Border Breweries (Wrexham)** were passed.

Marston has now acquired or agreed to acquire 3,150,000 Border ordinary shares (58.6 per cent) and 13,832 Border preference shares (9.2 per cent).

The recommended offers by

* * *

**Hawley Group** has completed the purchase of 77.9 per cent of **Fraser Henderson** for a consideration of £190,389 to be satisfied by the issue of 226,652 ordinary shares of 12½p each and payment of £3,692 cash to the vendors.

* * *

**Irish Distillers for BWG** have become unconditional as to acceptances and remain open for acceptance until further notice. The ordinary offer was accepted in respect of 16,292,262 ordinary (93.4 per cent) and the preference offer in respect of 31,496 shares (78.7 per cent). The offers are still subject to the Minister of Industry's decision not to make an order under the Mergers, Takeovers and Monopolies (Control) Act 1978.

* * *

The level of **New Equipment** acceptances for the cash offer by **Lathamstone** as at 3.30 pm on April 14 1984 was 251,469 ordinary shares (12.57 per cent). The corner family has conditionally agreed to exchange all their own 1.29m ordinary shares (64.55 per cent) in the company for shares in Lathamstone.

Lathamstone has now declared the offer conditional as to acceptances. Lathamstone reserves the right to waive the condition regarding the passing of the special resolution at the EGM.

The cash offer will not be revised and will remain open for acceptance for 14 days from the posting of notification to the shareholders.

* * *

**British Syphon Industries,** the Wilmslow-based group with interests in dispense equipment and manufacturing services, has agreed terms for the sale of Greenup & Thompson, its Sheffield printed packaging subsidiary, to the company's management led by Mr N. J. Hutton, managing director, and backed by National Westminster Bank, for the aggregate consideration of £750,000 payable in cash on completion.

At December 31 1983 Greenup had a net asset value (after intra group indebtedness) of £373,000. Pre-tax loss for the year amounted to 134,000.

* * *

**Camford Engineering** exchanged agreements with **Vauxhall Motors** for the acquisition of the Stampings Alliance, a drop-forging company with premises at Nechelles, Birmingham.

Net tangible assets of Stampings at completion will be £1.7m. Vauxhall has cancelled the outstanding loan account with Stampings and has also injected a further £1m which the directors of Stampings will provide as a reserve against future losses.

During the year 1983 the turnover of Stampings was £3.47m and its trading loss before tax was £852,000.

Consideration payable is the issue to Vauxhall of 900,000 of Camford's ordinary shares representing 4.7 per cent of its enlarged capital. Vauxhall has undertaken to retain this holding for a minimum of five years.

* * *

**Eric Bolt,** Manchester-based engineering company owned jointly by James H. Vickery and Co and F. Bamford and Co, has acquired for an undisclosed sum from the Receiver, Mr Richard Stone of Cork Gully, the machine tool division of Edward Williams Engineering, trading as H. W. Ward and Co of Worcester, manufacturer and distributor of capstan and turret lathes.

* * *

**S. W. Farmer Group** has increased its equity holding in **Tomlander** from 25 per cent to 50 per cent. Consideration was £38,000 payable in cash. Tomlander is a private company engaged in pipe fabrication and process modules and operates from premises in Sharston, Manchester. The company works closely with Farmer in the fabrication of furnaces for petrochemical plants throughout the world.

* * *

The **TE Group** proposes to acquire **Shinetip,** which recently purchased at auction, Saxon House, Crawley, West Sussex, a freehold office property with a Midland Bank subsidiary as the principal tenant.

Shinetip also owns a freehold shop property in Hatton Garden, EC. The two properties currently produce rents of £39,000 p.a. and have been professionally valued at an aggregate of £467,000.

Consideration will be the issue of 285,000 ordinary shares at 70p per share in TE and £185,000 of 10 per cent unsecured redeemable loan stock 1987 at par.

The transaction will enlarge the group capital base, enabling TE to take advantage of other selective investment opportunities.

* * *

Acceptances of the offers on behalf of **Cray Electronics Holdings** for the shares in **Cray Electronics** not the subject of separate offers by Cray Electronics Holdings, have been received in respect of 9,327,014 new shares and 93,270,140 deferred shares, representing in each case 86.8 per cent of the shares offered for and 41.5 per cent of each class of share capital.

These, when added to the shares subject to the separate offers, represent 93.6 per cent of each class of share capital of Electronics. The offers have been declared unconditional as to acceptances and remain open.

Holdings has offered to acquire by separate offers, 11.7m new shares and 117m deferred shares in Electronics, representing 52.1 per cent of each class of share capital held by Capital For Industry. Subject to completion of the separate offers and certain other conditions, dealings in the shares of Holdings are expected to begin on April 18.

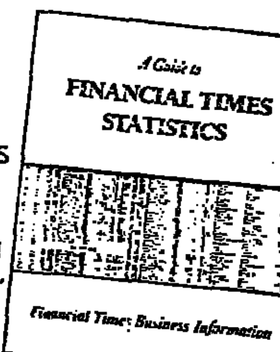
## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Armitage Brothers¶ int. | 30 | May 9 | 30 | — | 30 |
| Ash & Lacy | 12 | May 31 | 10 | 20 | 18 |
| Barrow Hepburn | 1.4 | July 2 | 1.4 | 2.2 | 2.2 |
| Boustead | nil | — | 0.75 | 0.5 | 1.25 |
| Bowthorpe | 2.84 | July 2 | 2.37 | 4.68 | 4.04 |
| C. D. Bramall | 4.35 | May 29 | 3.95 | 6.7 | 6 |
| Bryant Hldgs. int. | 1 | May 31 | 0.55 | — | 2.2 |
| Currys | 6.7 | June 4 | 5.75 | 8.1 | 6.75 |
| Greenbank int. | 1.3 | May 30 | 1.3 | 2.1 | 2.1 |
| Johnsen & Jorgensen‡† | 2.15 | — | 2.75 | 3.15 | 3.75 |
| Lamont Holdings | 1.2 | July 2 | 0.9 | 1.7 | 1.3 |
| Land Investors int. | 0.2 | May 21 | 0.2 | — | 1 |
| Lendu Holdings | 1 | June 8 | 0.5 | 1 | 0.5 |
| MCD Group | 1.5 | June 1 | — | 1.5 | — |
| Raybeck | 110.5 | July 3 | 0.25 | 0.5 | 0.25 |
| Sunleigh Elect.‡ | 0.25 | — | — | — | — |
| Turriff Corpn. | 7 | June 8 | 5.8 | 7 | 5.8 |
| Viking Resources | 0.6 | July 6 | 0.5 | 1 | 0.9 |
| Wadkin | 3 | May 26 | 0.5 | 3 | 0.5 |

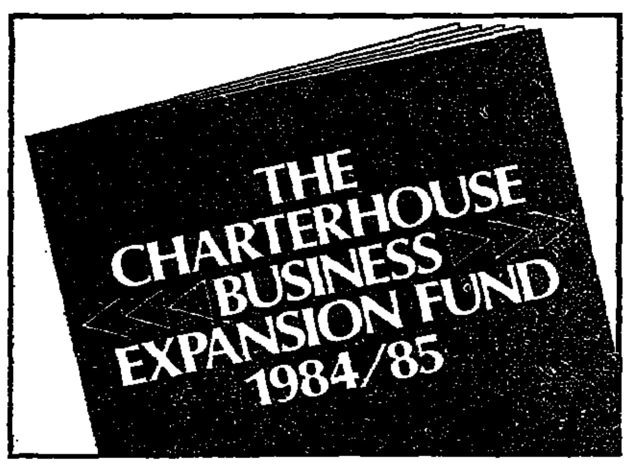
Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Year end extended to May 31. || For 9 months.









# MINING NEWS

## Royal puts £225m value on life business

A SCRIP issue on the basis of one-for-four is to be made by the Royal Insurance Group. The proposal will be put to the annual meeting on May 10.

The report and accounts for 1983 includes for the first time a value on the group's substantial life operations. The directors have placed a value of £225m (119p per share) on the life business, though a firm of independent professional advisers has put a "going concern" value on Royal Life of at least £2 per share, after allowing for the effect on new business of the withdrawal of life assurance premium relief.

Mr Daniel Meinertzagen, in his chairman's statement, points out that the group's policy of investing a substantial portion of its capital and reserves in equities and property has substantially contributed to the growth in 1983 of the underlying worth of the group.

This rose during the year from £1.23bn to £1.43bn, of which £146m of the increase came from the rise in capital values of the underlying investments. These figures excluded the value of the life operations.

As already reported, the group showed a marginal increase in pre-tax profits from £96.5m to £98.4m after making a loss of £5.4m on its general insurance operations, that is underwriting losses exceded investment income attributable to the general insurance funds. The dividend was increased by $7\frac{1}{2}$ per cent to 28.5p.

Mr Meinertzhagen warns that the experience of the first two months of this year reflects the continuing poor markets in North America and heavy storm damage claims in the UK. The U.S. account has also been hit by the severe East Coast tornados.

Mr John Howard, chief general manager of Royal, reports that the group has completed its restructuring exercise in Canada, which follows the restructuring in Australia the year previously. In the UK, the group has integrated its marine and engineering business and rationalised its branch structure.

In the U.S. it is relocating its head office away from New York and is undertaking a wide-ranging reorganisation of the structure designed to reduce costs, provide clear accountabilities and be responsive to the changing needs of the market.

## Durban Deep and ERPM sell more gold forward

BY KENNETH MARSTON, MINING EDITOR

FURTHER forward sales of gold at relatively good prices are announced by the Barlow Rand group's marginal South African mines, **Durban Deep** and **East Rand Proprietary Mines (ERPM)** in their March quarterly reports. Both, however, continue to make losses before the receipt of State assistance.

Because of the weakness of the rand against the U.S. dollar Durban Deep received a higher average price for its gold in the March quarter of R15,056 per kilogramme, compared with R14,792 in the previous three months, whereas the dollar equivalent fell to $385 per ounce from $397 in the December quarter.

Durban Deep, which produced 1,974 kg of gold in the March quarter, has sold forward 187 kg for the current quarter at a price of R16,350. Other sales are 466 kg for the third quarter at R16,521; 373 kg for the fourth quarter at R17,291; and 311 kg for the first quarter of 1985 at R18,143 (about $453 per ounce).

ERPM produced 2,687 kg of gold in the March quarter and received an average price of R15,129 per kg. Its forward sales are: second quarter 187 kg at R16,350; third quarter 684 kg at R16,606; fourth quarter 435 kg at R17,362; 1985 first quarter 249 kg at $18,132.

No gold hedging sales were carried out by either **Blyvooruitzicht** or **Harmony** in the quarter. Both mines received higher average gold prices in the period but gold production was lower at Blyvoor owing to a fall in grade which offset the effects of increased milling.

Even so, the working profit on gold was slightly higher than in the December quarter and this together with increased income from uranium and sundry revenue left the mine with a pre-tax profit of R37.5m (£21m) against R30.1m in the previous three months.

At the net level Blyvoor's profit for the latest quarter comes out slightly lower at R15.1m against R16.1m in the previous three months. This reflects higher tax as a result of sharply reduced capital spending and an extra tax provision of R1.88m made in the quarter to cover the recent South African budget increases for the first nine months of the company's current year to June 30.

Harmony has also lumped together its extra tax (R1.38m) requirements for nine months in the March quarter figures. In this case a pre-tax profit of *R39.8m compared with R35.9m* in the December quarter becomes R24.7m against R25.8m at the net level, and again capital spending has fallen.

The latest net profits of the group mines are compared in the following table.

| | Mar qtr R000 | Dec qtr R000 | Sept qtr R000 |
|---|---|---|---|
| Blyvooruitzicht | †15,147 | 18,056 | 15,837 |
| Durban Deep | *1,780 | *3,891 | *4,049 |
| East Rand Pty | *1,719 | *4,885 | *4,624 |
| Harmony ...... | †24,694 | 25,752 | 28,445 |

* After receipt of State assistance.
† Includes additional tax charge for year to date following changes in March budget.

## Bond offer for Winthrop

AUSTRALIA'S Swan Brewery could secure control of the North Kalgurli gold mine in Kalgoorlie, Western Australia, and of the junior oil and gas exploration company **Petro Energy** if it is successful with a A$32.1m (£20.5m) bid for **Winthrop Investments**.

The brewery, part of Mr Alan Bond's **Bond Corporation Holdings**, has offered A$3.85 per share in cash for Winthrop through an offshoot called **Votraint No. 66**. The offer will remain open for one month.

Winthrop, master company of the Sydney entrepreneurs Mr Sam Gazal and Mr Ian Joye, last month put up for tender its 38 per cent holding in **Mid-East Minerals**. Mid-East holds 34 per cent of **Metals Exploration**, which in turn controls **North Kalgurli Gold Mines** with a stake of 29 per cent.

A successful bid for Winthrop would secure both of these holdings, and in addition Winthrop's 60 per cent stake in Petro Energy, along with property interests valued by Winthrop at A$21m.

Apart from exploration acreage, Petro Energy holds around A$8m in cash realised from the recent sale of its interest in the South Pepper area.

The announcement of the bid came late last Friday. Since that time, Votraint has acquired around 21 per cent of the Winthrop equity, and the Winthrop share price has dipped to about A$3.83.

## Pine Creek

INCREASED ore reserve estimates are announced for the Pine Creek gold prospect, south-east of Darwin in Australia's Northern Territory. It is a joint venture between **Enterprise Gold Mines** (51 per cent) and the **Consolidated Gold Fields** group's **Renison Goldfields Consolidated** (49 per cent).

RGC says that since the previous reserve figures were given in September of last year, estimated reserves of probable ore have been increased by 1.4m tonnes to 6.7m tonnes grading an average 3.3 grammes gold per tonne down to a depth of some 150 metres.

They comprise 2.4m tonnes of oxidised material averaging 2.25g gold per tonne and 4.3m tonnes going 3.93g.

## MINING NEWS IN BRIEF

TALKS have been resumed at the Australian lead-zinc-silver mining district at Broken Hill in New South Wales in an attempt to resolve the industrial dispute which has halted mining operations since March 28. Companies affected are **Broken Hill South** and **CRA**.

So far, however, no progress has been made according to Mr Justin O'Connell, manager of the Broken Hill Mining Managers' Association. The workers are seeking a wage rise of A$50 (£32.20) per week while the companies, which produce nearly half Australia's lead and over 40 per cent of its zinc, have countered with productivity proposals and have closed the mines.

* * *

Canada's **Placer Development** expects to earn "considerably more" this year thanks to higher gold output and an expected gain on the sale of a part interest in its big Australian Kidston gold-silver property in Queensland which is expected to come on stream before the end of next year.

Mr C. Allen Born, chairman of Placer, told an AP-Dow Jones reporter that the company may acquire a mining or an oil and gas company this year but has no firm plans.

He added that Placer's first quarter results, due shortly, will show a substantial improvement. Placer returned to profitability in 1983 with earnings of C$29.3m (£16m), or 70 cents per share, following a loss of C$20.3m in 1982.

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday April 17 1984

U.S. prepares for maize gluten fight, Page 46

WALL STREET

# Uncertainty persists on rates path

BOTH fixed-interest and stock markets resisted an initial bout of weakness on Wall Street yesterday, helped by favourable views on the investment outlook by analysts at several major investment houses. But there was further uncertainty over the prospects for interest rates, in the wake of the heavy shake-out in the bond market towards the end of Friday's session, *writes Terry Byland in New York.*

By 3.30 pm, the Dow Jones industrial average was 5.23 up at 1,155.36.

The long end of the bond market fell by half a point before stocks opened for trading, continuing the heavy setback suffered late on Friday after the disclosure that business inventories rose by 1.8 per cent in February, the largest monthly gain for 10 years. The credit market read the rise in inventories as an indication that the economy is still expanding, threatening further pressures on interest rates.

But there is still much uncertainty regarding the pace of the U.S. economy, with the severe winter weather believed to have affected retail sales in February and March. This week will bring further significant economic data on industrial progress and consumer spending.

Both sectors of the securities market steadied yesterday after the announcement of a modest gain in the rate of factory capacity in March from 80.7 per cent to 80.9 per cent.

The weakness in the bond market effectively undermined any benefits to the stock market from the continuing flow of good reports on first quarter trading by major corporations. IBM at $111¼ held unchanged despite the favourable review of the sharp jump in earnings. NCR at $99½ edged ahead by $1½ after announcing higher earnings. But other high technology issues looked dull, with Honeywell $½ off at $54¾, and Digital Equipment $⅛ off at $90⅝. Teledyne, still upset by last week's news of lower profits, dipped by $⅜ to $148⅝.

Mr Lee Iacocca's hint on Friday of a "barn burner" first quarter result sent Chrysler stock ahead by $⅛ to $24¾, to top the active list at one time. General Motors eased $¼ to $63¾, with Ford $⅛ better at $35, both apparently unaffected by reports of criticism of large bonuses for top management.

The credit markets remained very nervous, and lacking in retail support. Business was mostly on the sell side and prices reacted quickly to each trade, because dealers were unwilling to take a bullish stance.

Bond prices hung around Friday's closing levels for a few minutes, but then dipped by half a point. The federal funds rate remaind high at 10 7/16 per cent and there was little response to the Federal Reserve's announcement of $2bn in customer repurchase arrangements.

Losses in the bond market were trimmed to around one quarter of a point, with the key 2013 long bond 15/32 off at 94 29/32, to yield 12.64 per cent.

The short end of the market resisted an early jump of 10 basis points in money market rates. Three-month Treasury bills at 9.80 per cent discount were three basis points up, with the six-month discount unchanged at 9.90 per cent.

Later the Fed returned with an offer to buy all maturities of coupon issues after the weekly bill auction last night.


EUROPE

# Start seen of move to seek cover

THE RUN-UP to Easter began with European bourse investors seemingly reconciled to a week of low turnover levels dominated by a cautious adjustment of positions in order to limit exposure over the holiday period.

Few major movements resulted, but the general direction was downward.

A weaker **Frankfurt** opening was partially corrected by buying from domestic institutions, but not in time to prevent a 2.5 dip in the Commerzbank index to 1,025.9. Degussa, moving ex its DM 9 dividend, did well to finish at DM 403.50 against Friday's DM 412. BASF curtailed losses to DM 1.10 at DM 162.50 after DM 161.

Modulare Computer und Software Systeme made a potent debut on the regulated unofficial market, climbing to DM 304 from a DM 185 issue price. Siemens slipped 90 pfg to the DM 400 mark.

Banks were a firm spot, with Bayerische Hypo up DM 3.50 to DM 282 on its hints of a higher payout, and Commerzbank the same amount ahead at DM 179.

Domestic bond prices eased as much as 35 basis points, and the Bundesbank bought DM 15.8m in paper after sales on Friday of DM 79.4m.

Labour tensions distressed **Paris**, and declines outnumbered advances 100 to 55. Peugeot, facing opposition to layoffs at Citroën, shed FFr 3.50 to FFr 230.50.

Among weaker chemicals, Nobel Bozel came under severe selling pressure and ended 80 centimes lower at FFr 9 despite its reshape-aided turnround into the black.

Concerns over the durability of the ruling Dutch coalition subdued **Amsterdam**, with insurer Amev one of the few firm spots, its Fl 1.80 rise to Fl 154 drawn from a profits and dividend boost.

Bos Kalis, the lossmaking builder, recovered Fl 1.50 of Friday's Fl 6.90 plunge to stand at Fl 33.70.

Domestic bonds were little changed ahead of a Finance Ministry tender tomorrow for 3½-year Treasury bills.

Good institutional demand closed the **Milan** monthly account on a firm note despite the stumbling blocks to an accord on limiting wage indexation. Fiat added L81 to L4,156 and Montedison – planning its capital restructure – put on L5 to L214. But Credito Varesino led banks L101 down at L5,200.

Bonds traded mixed.

**Brussels** edged upward, helped by a results-inspired BFr 100 gain in wire maker Bekaert at BFr 3,630. But oil-related issues were weak, with Petrofina off BFr 20 at BFr 7,870 and Sidro BFr 125 lower at BFr 2,225.

A narrowly mixed **Zurich** had Nestlé SwFr 15 easier at SwFr 5,075 after Friday's SwFr 75 advance on its higher payout and rights issue plans. A slide into loss by engineer Maag brought a SwFr 110 fall at SwFr 1,300.

Bonds held quietly steady.

A better **Stockholm** tone emerged after the distress caused at the end of last week by government economic measures, but volume was low and among leading issues to continue downward were Asea, off SKr 10 at SKr 350, and Volvo, SKr 3 weaker at SKr 464.

## SOUTH AFRICA

MINING issues tended mixed to easier in Johannesburg yesterday as the bullion price held steady.

Free State Geduld added 50 cents to R53 while Driefontein lost 25 cents to R48.25. De Beers was 7 cents weaker at R9.58, and industrial leader Barlow Rand was 5 cents off at R14.45.

## CANADA

DECLINES predominated in Toronto but were centred on gold issues and the energy sector while base metals and minerals held up somewhat better.

Few major movements were found in a flat Montreal session, but industrials fared slightly worse than utilities or the banking side.

TOKYO

# Momentum begins to moderate

A SIXTH consecutive gain was achieved by Tokyo stocks yesterday, but the momentum slowed toward the close, *writes Shigeo Nishiwaki of Jiji Press.*

The post-holiday market made a quick start in an extension of last week's strong performance, pushing the Nikkei-Dow market average nearly 30 points up at one stage.

But a wait-and-see mood dominated the market, as stock prices have reached a stage which many see as requiring liquidation. This combined with the drop on Wall Street last week and a lack of fresh incentives to dampen investor enthusiasm.

As a result, the Dow index edged down in the afternoon session to close at 11,019.67, a net 4.46 ahead. Declines outnumbered advances by 370 to 348, with 168 issues unchanged. Trading volume shrank substantially from 558.33m shares last Friday to 346.09m.

On the trading floor, Nippon Oil attracted large buy orders and jumped Y60 to Y1,210 on reports that the company would resume test drilling, possibly next month, in a joint Japanese-South Korean oil exploration project on the continental shelf in the East China Sea.

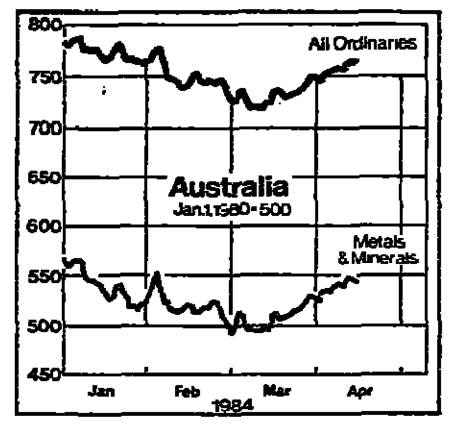
Mitsubishi Oil, the most active stock with some 15m shares traded, also scored a sizeable gain of Y35 to Y610. The issue attracted speculative attention over the fate of 50 per cent of its outstanding shares held by Getty Oil of the U.S., recently taken over by Texaco.

Advances by Nipoon Oil and Mitsubishi Oil promoted other oil issues, including Teikoku Oil and Arabian Oil, which gained Y30 and Y250 to Y695 and Y6,150 respectively.

Non-ferrous metals rose almost across the board on persistent speculative buying aroused by reports of promising gold discoveries. Nippon Mining added Y9 to Y478.

Some pharmaceutical companies were traded briskly, reflecting investor expectations of new drug developments. Dainippon Pharmaceutical rose Y260 to Y4,260. Banyu Pharmaceutical spurted Y54 to Y895 and Sankyo Y31 to Y768.

The bond market was inactive with city banks and trust banks moving for small-lot selling as the yen weakened against the U.S. dollar in Tokyo to close at Y225. The yield on the benchmark 7.5 per cent government bond, maturing in January 1993, rose sharply from 7.085 per cent last Friday to 7.135 per cent, but later declined to 7.115 per cent on small-lot buying.




## AUSTRALIA

RELUCTANCE to take positions ahead of the extended Easter holidays was the cause of lacklustre trading in Sydney as the All Ordinaries index edged 0.5 up to 764.5.

Industrial issues showed scattered gains with brisk trading in BHP, which moves ex-scrip and ex-dividend today, to finish 5 cents up at A$14.35.

Elsewhere, CRA slipped 2 cents to A$6.18 while Western Mining added 2 cents to A$4.32. News Corporation was 5 cents weaker at A$10.20 and Santos was steady at A$7.06.

Coal shares were firm and retailers continued weak with Coles 5 cents down at A$3.70.

## SINGAPORE

THE LOWEST trading volume of the year exacerbated a broad decline in Singapore with the Straits Times index 6.81 lower at 1,000.55.

Supreme Corporation, the most active stock with 334,000 shares traded, was 2 cents off at S$2.02, while banks were hard hit as OCBC retreated 20 cents to S$10.50 and UOB 15 cents to S$5.30. Among industrials, Straits Trading was 20 cents down to S$5.85 but Times Publishing put on that amount to S$8.90.

LONDON

# The buyers beat a big retreat

THE SUDDEN withdrawal of recent buyers in London equity markets pulled the FT Industrial Ordinary index 20 points down to 875.2, the heaviest fall for 2½ years, and wiped out two thirds of last week's overall gain. The FT-SE 100 shed 23.5 to 1,105.6.

The weakness was largely confined to leading shares, particularly those favoured by American investors, and occured in relatively thin trading amid concern over the escalating miners' dispute and revived uncertainty about U.S. financial and economic policies.

Oils were noticably weaker with BP down 15p to 490p, Lasmo 15p off at 330p and Britoil 10p down at 263p. Banks fell too, with Barclays off 20p at 480p.

Discount retailer Currys shed 20p to 358p while Marks & Spencer lost 9p to 248p and Cadbury Schweppes slipped 6p to 130p.

Laporte Industries scored a 38p rise to a record 428p after its decision to sell its UK and Australian titanium dioxide interests to SCM of the U.S. Channel Tunnel Investments surged 30p to 125p.

Long gilts lost up to ¾ with shorts up to 5/16 weaker.

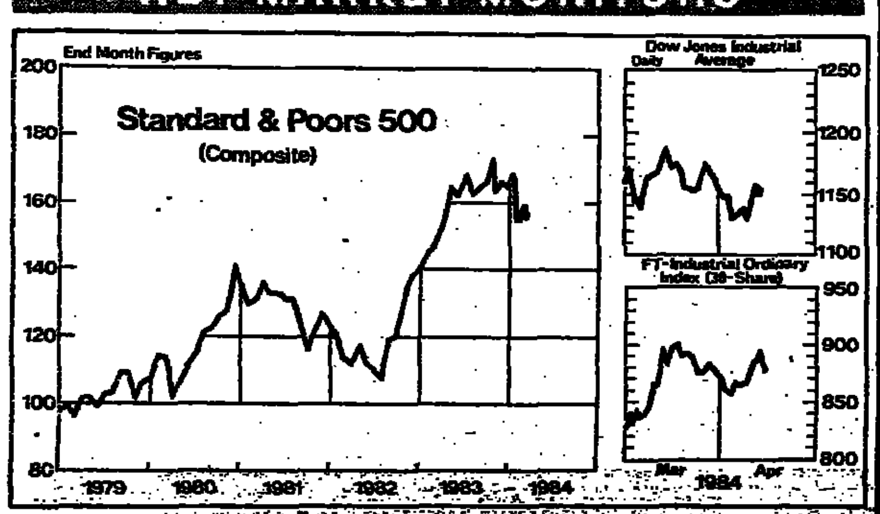
*Chief price changes, Page 40; Details, Page 41; Share information service, Pages 42–43*

## HONG KONG

THE VISIT by Sir Geoffrey Howe, Britain's Foreign Secretary, to Peking induced most Hong Kong investors to the sidelines yesterday as the Hang Seng index slipped 0.22 to 1,075.48 in slow trading.

Hutchison Whampoa lost 20 cents to HK$17.30 and Cheung Kong 5 cents to HK$9.65 although Jardine Matheson recovered 20 cents to HK$11.40 and Hongkong Land finished 3 cents stronger at HK$3.65. Hongkong Bank was unchanged at HK$7.30 ex-dividend.

## KEY MARKET MONITORS




STOCK MARKET INDICES

| | April 16 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1155.36* | 1150.13 | 1171.34 |
| DJ Transport | 497.94* | 497.33 | 529.94 |
| DJ Utilities | 124.61* | 125.34 | 126.06 |
| S&P Composite | 157.09* | 157.31 | 158.75 |
| **LONDON** | | | |
| FT Ind Ord | 875.2 | 895.2 | 695.0 |
| FT-SE 100 | 1105.6 | 1129.1 | 949.5 |
| FT-A All-share | 523.02 | 532.0 | 441.52 |
| FT-A 500 | 567.49 | 577.95 | 480.55 |
| FT Gold mines | 672.5 | 673.5 | 657.9 |
| FT-A Long gilt | 10.28 | 10.23 | 10.33 |
| **TOKYO** | | | |
| Nikkei-Dow | 11,019.67 | 11,015.20 | 8552.16 |
| Tokyo SE | 864.08 | 866.27 | 619.39 |
| **AUSTRALIA** | | | |
| All Ord. | 764.5 | 764.0 | 566.2 |
| Metals & Mins. | 545.7 | 546.5 | 523.1 |
| **AUSTRIA** | | | |
| Credit Aktien | 55.05 | 55.10 | 54.03 |
| **BELGIUM** | | | |
| Belgian SE | 154.63 | 154.42 | 122.10 |
| **CANADA** | | | |
| Toronto Composite | 2342.9* | 2328.5 | 2264.1 |
| Montreal Industrials | 416.69* | 417.95 | 383.43 |
| Combined | 394.47* | 395.45 | 378.25 |
| **DENMARK** | | | |
| Copenhagen SE | 183.25 | 185.92 | 138.98 |
| **FRANCE** | | | |
| CAC Gen | 170.8 | 171.4 | 120.2 |
| Ind. Tendance | 108.8 | 109.7 | 75.2 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 349.78 | 351.06 | 307.75 |
| Commerzbank | 1025.9 | 1028.4 | 922.0 |
| **HONG KONG** | | | |
| Hang Seng | 1075.48 | 1075.70 | 1087.14 |
| **ITALY** | | | |
| Banca Comm. | 213.14 | 212.09 | 201.87 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 160.7 | 160.8 | 129.5 |
| ANP-CBS Ind | 128.3 | 127.9 | 108.1 |
| **NORWAY** | | | |
| Oslo SE | 279.20 | 275.52 | 163.02 |
| **SINGAPORE** | | | |
| Straits Times | 1000.55 | 1007.36 | 892.61 |
| **SOUTH AFRICA** | | | |
| Golds | 1022.0 | 1024.5 | 858.2 |
| Industrials | 1052.5 | 1053.9 | 845.4 |
| **SPAIN** | | | |
| Madrid SE | closed | 116.35 | 113.73 |
| **SWEDEN** | | | |
| J & P | 1506.02 | 1503.68 | 1307.26 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 372.4 | 373.1 | 316.2 |
| **WORLD** | April 13 | Prev | Year ago |
| Capital Int'l | 188.3 | 188.5 | 170.7 |

GOLD (per ounce)

| | April 16 | Prev |
|---|---|---|
| London | $380.50 | $380.00 |
| Frankfurt | $379.75 | $379.25 |
| Zürich | $379.75 | $379.50 |
| Paris (fixing) | $379.87 | $378.30 |
| Luxembourg (fixing) | $379.50 | $380.30 |
| New York (April) | $380.40* | $382.00 |

* Latest available figure

CURRENCIES

| (London) | U.S. DOLLAR April 16 | Previous | STERLING April 16 | Previous |
|---|---|---|---|---|
| $ | – | – | 1.421 | 1.43 |
| DM | 2.6375 | 2.6225 | 3.75 | 3.7525 |
| Yen | 225.4 | 224.45 | 320.5 | 321.0 |
| FFr | 8.1175 | 8.07 | 11.535 | 11.54 |
| SwFr | 2.1865 | 2.1735 | 3.11 | 3.11 |
| Guilder | 2.976 | 2.9625 | 4.23 | 4.235 |
| Lira | 1631.5 | 1624.0 | 2318.0 | 2322.0 |
| BFr | 53.89 | 53.75 | 76.6 | 76.85 |
| C$ | 1.28055 | 1.27875 | 1.819 | 1.8275 |

INTEREST RATES

| | April 16 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 8 15/16 | 8 15/16 |
| SwFr | 3⅞ | 3¾ |
| DM | 5 11/16 | 5 11/16 |
| FFr | 13¼ | 13⅛ |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 11 | 10¾ |
| 6-month U.S.$ | 11¼ | 11 |
| **U.S. Fed Funds** | 10 7/16* | 10¾ |
| **U.S. 3-month CDs** | 10.55* | 10.35 |
| **U.S. 3-month T-bills** | 9.75* | 9.77 |

U.S. BONDS

| | April 16* Price | Yield | Prev Price | Yield |
|---|---|---|---|---|
| **Treasury** | | | | |
| 11½ 1986 | 99 27/32 | 11.64 | 99 29/32 | 11.60 |
| 12⅜ 1991 | 98 15/16 | 12.51 | 99 1/32 | 12.50 |
| 11.75 1993 | 95 5/16 | 12.59 | 95 15/32 | 12.57 |
| 12 2013 | 95⅝ | 12.64 | 95 15/16 | 12.58 |
| **Corporate** | | | | |
| AT & T | | | | |
| 10⅜ June 1990 | 91 | 12.50 | 91 | 12.50 |
| 3⅜ July 1990 | 70⅜ | 10.40 | 70⅜ | 10.40 |
| 8⅜ May 2000 | 71⅜ | 13.05 | 71⅜ | 13.05 |
| Xerox | | | | |
| 10⅜ March 1993 | 88 | 12.85 | 88 | 12.85 |
| Diamond Shamrock | | | | |
| 10⅜ May 1993 | 87⅜ | 12.95 | 87⅜ | 12.95 |
| Federated Dept Stores | | | | |
| 10⅜ May 2013 | 81⅜ | 13.10 | 81⅜ | 13.10 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 90⅜ | 13.05 | 90⅜ | 13.05 |
| Alcoa | | | | |
| 12½ Dec 2012 | 91 | 13.50 | 91 | 13.50 |

FINANCIAL FUTURES

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| June | 65-21 | 65-30 | 65-14 | 66-02 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| June | 89.97 | 90.01 | 89.94 | 90.03 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| June | 89.06 | 89.11 | 89.03 | 89.12 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| June | 88.93 | 88.98 | 88.90 | 89.11 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| June | 107-03 | 107-07 | 106-28 | 107-17 |

COMMODITIES

| (London) | April 16 | Prev |
|---|---|---|
| Silver (spot fixing) | 642.20p | 637.80p |
| Copper (cash) | £1082.25 | £1083.50 |
| Coffee (May) | £2052.00 | £2043.00 |
| Oil (spot Arabian light) | $28.42 | $28.42 |

*Prices at 3pm, April 16*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 20⅞ | 11 | AAR | .44 | 2.3 | 20 | 257 | 19½ | 19¼ | 19¼ | -¼ |
| 52⅞ | 31½ | ACF | 1.40 | 2.7 | 642 | 29 | 51⅞ | 51¼ | 51⅞ | +⅛ |
| 18⅝ | 13½ | AMF | .50 | 3.7 | | 143 | 13⅝ | 13½ | 13½ | -⅛ |
| 41¼ | 26 | AMR Cp | | | 7 | 1852 | 33⅝ | 33 | 33¼ | +½ |
| 20⅞ | 17⅞ | AMR | pf2.18 | 11 | | 42 | 19½ | 19¼ | 19¼ | |
| 41½ | 29⅝ | AMR | pf2.13 | 5.9 | | 121 | 35⅝ | 35¼ | 35⅝ | +⅝ |
| 16¼ | 5½ | APL | | | 3 | 7 | 11 | 11 | 11 | |
| 55⅝ | 41½ | ARA | 2.10 | 5.1 | 9 | 47 | 41⅞ | 41½ | 41½ | -½ |
| 77⅞ | 50¾ | ASA | 3a | 4.7 | | 334 | 64¾ | 63¾ | 64½ | |
| 33⅝ | 17 | AVX | s.32 | 1.6 | 20 | 44 | 19⅞ | 19⅝ | 19⅞ | -⅛ |
| 53⅛ | 38⅝ | AbtLab | 1.20 | 2.8 | 14 | 2156 | 43 | 42 | 42⅞ | +¼ |
| 30⅝ | 22¼ | AccoWd | .60 | 2.4 | 17 | 19 | 25⅛ | 25¼ | 25⅛ | +⅛ |
| 27⅞ | 19¾ | AcmeC | .40 | 1.9 | | 29 | 20⅞ | 20⅝ | 20⅝ | |
| 13 | 8⅝ | AcmeE | .32b | 3.2 | 63 | 7 | 10¼ | 10⅛ | 10⅛ | +⅛ |
| 24⅞ | 12½ | AdmDg | .04 | .3 | 9 | 32 | 15⅝ | 15⅛ | 15⅛ | +½ |
| 18⅝ | 15⅝ | AdaEx | 2.11e | 14 | | 24 | 15⅝ | 15⅝ | 15⅝ | -⅛ |
| 19⅞ | 11 | AdmMl | .28 | 1.7 | 8 | 53 | 17¼ | 16¾ | 16¾ | -¼ |
| 22 | 14½ | AdvSys | .61t | 4.9 | 16 | 57 | 16¾ | 16½ | 16⅝ | +⅛ |
| 18⅝ | 8⅞ | Advest | .12 | 1.1 | 9 | 27 | 10⅜ | 10⅝ | 10⅝ | -⅛ |
| 37½ | 17⅞ | AMD | s | | 25 | 3367 | 31¼ | 29⅝ | 30⅝ | +⅛ |
| 24⅝ | 12½ | Aerflx | s | | 12 | 77 | 12⅞ | 12½ | 12½ | -⅛ |
| 43½ | 30¼ | AetnLf | 2.64 | 7.1 | 11 | 852 | 37⅛ | 36¾ | 37¼ | -⅛ |
| 103 | 73¾ | AetnL | pf.2 | 2.4 | | 1 | 82 | 82 | 82 | +1 |
| 40½ | 20 | Ahmns | 1.20 | 5.4 | 6 | 1039 | 22½ | 22¼ | 22¼ | |
| 7⅛ | 3¼ | Aileen | | | | 41 | 3⅞ | 3⅛ | 3⅞ | -⅛ |
| 51 | 36½ | AirPrd | 1 | 2.2 | 12 | 210 | 46⅞ | 46 | 46½ | |
| 30⅞ | 16 | AirbFrt | .60 | 3.5 | 11 | 46 | 17 | 16¾ | 17 | -⅛ |
| 3¼ | 1¼ | AlMoa | s | | 28 | 414 | 2¼ | 3⅛ | 3⅛ | -⅛ |
| 33½ | 25¾ | AlaP | pf4.32 | 14 | | 7 | 29¾ | 29 | 29 | |
| 7⅞ | 6½ | AlaP | [illegible] .87 | 13 | | 1 | 6⅞ | 6⅞ | 6⅞ | |

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 18⅝ | 15⅞ | BunkrH | 2.15 | 13 | | 2 | 16⅝ | 16⅛ | 16⅝ | -⅛ |
| 43 | 24½ | Burlnd | 1.64 | 6.4 | 7 | 889 | 25⅝ | 24¾ | 25⅝ | +⅞ |
| 54¾ | 38 | BrlNth | s | | 7 | 1266 | 43½ | 42⅞ | 43⅛ | +½ |
| 7¼ | 5⅝ | BrlNo | pf.55 | 7.7 | | 14 | 7¼ | 7 | 7⅛ | +⅛ |
| 50¾ | 47¼ | BrlN | pf3.16e | 2.3 | | 309 | 50½ | 50¼ | 50¼ | -⅛ |
| 26½ | 14¼ | Burndy | .84 | 4.9 | 17 | 22 | 17⅛ | 16¾ | 17 | +⅛ |
| 57⅝ | 43⅝ | Burrgh | 2.60 | 5.2 | 11 | 1109 | 50 | 49⅝ | 49¾ | -⅛ |
| 24½ | 14 | Butlrin | .52 | 3.5 | 18 | 35 | 14⅝ | 14¼ | 14⅝ | +½ |
| 14¾ | 8¼ | Buttes | | | | 8 | 11 | 11 | 11 | -⅛ |
| | | **C-C-C** | | | | | | | | |
| 39⅞ | 27¼ | CBIIn | 1.40a | 4.4 | 13 | 87 | 32¼ | 32 | 32 | -⅛ |
| 81⅛ | 61½ | CBS | 2.80 | 4.0 | 10 | 345 | 70¼ | 69⅝ | 70¼ | |
| 11⅛ | 5¼ | CCX | | | | 48 | 6½ | 6⅜ | 6⅜ | -⅛ |

*Closing U.S. share prices were not available for today's edition because of industrial action at the Financial Times' printers in Frankfurt.*

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 51½ | 38⅛ | CIGNA | 2.60 | 6.5 | 6 | 1553 | 40⅝ | 40 | 40¼ | -⅛ |
| 30½ | 25⅞ | CIG | pf2.75 | 10 | | 103 | 26½ | 26¼ | 26⅜ | +⅛ |
| 13¼ | 6½ | CLC | | | | 20 | 7½ | 7¼ | 7⅛ | -⅛ |
| 32 | 18¼ | CNAFn | | | 9 | 164 | 30⅛ | 29¼ | 29¼ | -1¼ |
| 11 | 9½ | CNAI | 1.20a | 12 | | 14 | 9⅞ | 9⅝ | 9⅝ | -⅛ |
| 42⅛ | 34¾ | CPCInt | 2.20 | 5.8 | 13 | 529 | 37⅞ | 37½ | 37⅞ | |
| 21½ | 14⅞ | CPNtl | s1.28 | 7.9 | 7 | 86 | 16⅞ | 15⅝ | 16⅛ | +½ |
| 27½ | 19⅞ | CSX | s1.04 | 4.5 | 9 | 862 | 23⅛ | 22⅝ | 22⅝ | -⅛ |
| 57½ | 22 | CTS | 1 | 4.4 | 14 | 95 | 22⅝ | 22⅛ | 22⅝ | +½ |
| 23⅛ | 6¾ | C3Inc | | | 11 | 170 | 11⅛ | 10¾ | 10¾ | -⅛ |
| 30⅞ | 24⅞ | Cabot | .92 | 3.7 | 13 | 329 | 25¼ | 24½ | 24⅝ | -⅛ |
| 18¼ | 9¼ | Caesar | | | | 215 | 11¼ | 11⅛ | 11¼ | -⅛ |
| 28⅞ | 17¼ | CalInn | .25r | 1.1 | 38 | 31 | 23⅛ | 23 | 23¼ | -⅛ |

Continued on Page 39

# AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 40

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 38

X-Y-Z

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 52½ | 39 | Xerox | 3 | 7.5 | 9 | 1293 | 40¼ | 39⅝ | 40 | −¼ |
| 53½ | 47½ | Xerox | pf5.45 | 12 | | 8 | 47⅞ | 47⅝ | 47⅞ | |
| 37 | 21½ | XTRA | | 2.7 | 12 | 19 | 24¼ | 24 | 24 | −½ |
| 24 | 15½ | Zapata | .84 | 3.6 | 12 | 480 | 23⅝ | 22¾ | 23½ | −⅛ |
| 52¼ | 31¾ | Zayre | s.40b | 1.2 | 10 | 563 | 34 | 33⅛ | 33½ | −⅝ |
| 38⅝ | 16¼ | ZenithR | | | 12 | 192 | 28 | 27½ | 27¾ | −⅛ |
| 27½ | 15¼ | Zero | s .36 | 1.8 | 17 | 70 | 20 | 19⅝ | 19⅝ | −½ |
| 37⅞ | 21½ | Zumin | 1.32 | 5.9 | 10 | 90 | 22¼ | 21⅞ | 22¼ | +⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

# WORLD STOCK MARKETS

## AUSTRIA

| April. 16 | Price Sch% | + or — |
|---|---|---|
| Creditanstalt | 215 | ..... |
| Goesser | 329 | +1 |
| Interunfall | 409 | +2 |
| Laenderbank | 205 | +1 |
| Perlmooser | 352 | +1 |
| Steyr-Dimlera | 149 | —1 |
| Veitscher Mag | 218 | ..... |

## BELGIUM/LUXEMBOURG

| April 16 | Price Frs. | + or — |
|---|---|---|
| ARBED | 1,680 | —15 |
| Banq Int A Lux | 5,200 | ..... |
| Bekaert B | 3,630 | +100 |
| Ciment CBR | 2,320 | —25 |
| Cockerill | 295 | —5 |
| Delhaize | 5,000 | —10 |
| EBES | 2,765 | +35 |
| Electrobel | 6,630 | +50 |
| Fabrique Nat | 2,200 | +20 |
| GB Inno BM | 3,510 | +20 |
| GBL (Brux) | 2,420 | ..... |
| Gevaert | 3,300 | +20 |
| Hoboken | 5,400 | +40 |
| Intercom | 2,080 | +5 |
| Kredietbank | 7,150 | ..... |
| Pan Hldgs. | 9,920 | ..... |
| Petrofina | 7,870 | —20 |
| Royale Belge | 8,680 | +80 |
| Soc. Gen. Banq | 3,500 | +50 |
| Soc. Gen. Belge | 1,875 | —15 |
| Sofina | 5,890 | +20 |
| Solvay | 4,090 | —80 |
| Tractionel | 3,610 | +80 |
| UCB | 5,440 | ..... |
| Vieille Mont | 4,295 | —5 |

## DENMARK

| Apr. 16 | Price Knr % | + or — |
|---|---|---|
| Aarhus Olie | 360 | ..... |
| Andelsbanken | 231 | +6 |
| Baltic Skand | 595 | +10 |
| CopHandelsbank | 238 | +9 |
| D. Sukkerfab | 635 | ..... |
| Danske Bank | 230xr | +9 |
| East Asiatic | 174 | +4 |
| Forenede Brygg. | 885 | ..... |
| Forenede Damp. | 168 | —7 |
| GNT Hldg | 490 | —20 |
| I.S.S.B. | 620 | ..... |
| Jyske Bank | 458 | +15 |
| Novo Ind | 2,205 | ..... |
| Privatbanken | 255 | +7 |
| Provinsbanken | 321 | +11 |
| Smidth (F) | 249 | ..... |
| Sophus Berend. | 1,145 | ..... |
| Superfos | 518 | +19 |

## FRANCE

| April 16 | Price Frs. | + or — |
|---|---|---|
| Emprunt 4½% 1973 | 1,840.1 | —2.9 |
| Emprunt 7% 1973 | 9,650 | —11 |
| CNE 3% | 3,460 | +20 |
| Air Liquide | 552 | +7 |
| BIC | 435 | —4 |
| Bouygues | 690 | —11 |
| BSN Gervais | 2,635 | +10 |
| CIT-Alcatel | 1,342 | —7 |
| Carrefour | 1,740 | +14 |
| Club Mediter'n | 880 | —4 |
| CFAO | 651 | +6 |
| Cie Bancaire | 473 | —8 |
| Cofimeg | 218 | —9 |
| Creusot Loire | 35.4 | —0.5 |
| Darty | 901 | —16 |

## GERMANY

| Apr. 16 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef | 95.8 | —1.6 |
| Allianz Vers | 763 | +4 |
| BASF | 162.5 | —1.1 |
| Bayer | 171.3 | —0.6 |
| Bayer-Hypo | 282 | +3.5 |
| Bayer-Verein | 345 | —1 |
| BHF-Bank | 288 | —2.5 |
| BMW | 401.5 | —4 |
| Brown Boveri | 222 | +1 |
| Commerzbank | 179 | +3.5 |
| Cont'l. Gummi | 131.5 | —0.5 |
| Daimler-Benz | 565 | +1 |
| Degussa | 405.5xd | —8.5 |
| Demag | 146 | ..... |
| D'sche Babcoc | 163 | —3 |
| Deutsche Bank | 385 | +2.5 |
| Dresdner Bankk. | 178 | +3.3 |
| GHH | 148.5 | ..... |
| Hochtief | 515 | +4 |
| Hoechst | 178.1 | +0.6 |
| Hoesch Werke | 117 | —0.7 |
| Holzmann (P) | 437 | ..... |
| Horten | 196 | —0.5 |
| Kali und Salz | 198 | —1 |
| Karstadt | 267.5 | —3.5 |
| Kaufhof | 253 | —4 |
| KHD | 247 | ..... |
| Kloeckner | 64.4 | —0.5 |
| Krupp | 80 | +2 |
| Linde | 375 | —1 |
| Lufthansa | 158 | ..... |
| MAN | 148 | —6.5 |
| Mannesmann | 144.6 | —0.2 |
| Mercedes Hld | 499.5 | —1 |
| Metallgesell | 245 | +1 |
| Muench Rueck | 1,060 | +5 |
| Preussag | 278.5 | —2 |
| Rhein West Elect | 164.8 | —0.2 |
| Rosenthal | 233 | —4 |
| Schering | 353.5 | ..... |
| Siemens | 400 | —0.9 |
| Thyssen | 86.5 | —0.3 |
| Varta | 169 | —3 |
| Veba | 172 | +0.1 |
| V.E.W | 121.5 | ..... |
| Verein-West | 300 | —10 |
| Volkswagen | 209.8 | —0.2 |

## ITALY

| Apr. 16 | Price Lire | + or — |
|---|---|---|
| Banca Com'le | 33,700 | —300 |
| Bastogi IRBS | 148.4 | —2.4 |
| Centrale | 1,803 | +8 |
| Credito Varesino | 5,200 | —101 |
| Fiat | 4,156 | +81 |
| Finsider | 37 | ..... |
| Generali Assicur | 36,900 | +300 |
| Invest | 3,295 | ..... |
| Italcementi | 47,610 | —190 |
| Montedison | 214 | +5 |
| Olivetti | 4,409 | +24 |
| Pirelli Co | 2,899 | —37 |
| Pirelli Spa | 1,505 | +21 |
| Snia BPD | 1,575 | +14 |
| Toro Assic. | 12,100 | +50 |
| do. Pref. | 9,299 | ..... |

## NETHERLANDS

| April 16 | Price Fls | + or — |
|---|---|---|
| ACF Holding | 182.0 | ..... |
| AEGON | 129.8 | —0.2 |
| Ahold | 192.5 | —2 |
| AKZO | 88.4xr | —0.9 |
| ABN | 381 | —2 |
| AMEV | 154 | +1.8 |
| AMRO | 71 | —0.7 |
| Bredero Cert | 200 | —1 |

## NORWAY

| April.16 | Price Kroner | + or — |
|---|---|---|
| Bergen Bank | 162 | +2 |
| Borregaard | 325 | —5 |
| Christiania Bk. | 165 | +1 |
| Den Norsk Credit | 172.5 | +2.5 |
| Elkem | 171 | +1.5 |
| Norsk Data | 305 | +10 |
| Norsk Hydro | 630 | ..... |
| Storebrand | 231 | ..... |

## SPAIN

| April. 13 | Price Pta% | + or — |
|---|---|---|
| Bco Bilbao | 288 | ..... |
| Bco Central | 324 | —1 |
| Bco Exterior | 201 | ..... |
| Bco Hispano | 227 | +2 |
| Bco Santander | 290 | ..... |
| Bco Vizcaya | 375 | ..... |
| Dragados | 145 | ..... |
| Hidrola | 49.7 | ..... |
| Iberduero | 54.2 | —0.5 |
| Petroleos | 113.5 | +0.5 |
| Telefonica | 81.6 | +0.5 |

## SWEDEN

| April 16 | Price Kronor | + or — |
|---|---|---|
| AGA | 371 | +1 |
| Alfa-Laval | 279 | +4 |
| ASEA (Free) | 350 | —10 |
| Astra (Free) | 485 | —15 |
| Atlas Copco | 126 | —1 |
| Boliden | 432 | —6 |
| Cardo (Free) | 420 | +15 |
| Cellulosa | 158 | —1 |
| Electrolux B | 271 | —1 |
| Ericsson | 324 | +3 |
| Esselte | 340 | +2 |
| Mo Och Domsjo | 500 | ..... |
| Pharmacia | 266 | +6 |
| Saab-Scania | 390 | —2 |
| Sandvik | 402 | +2 |
| Skandia | 395 | ..... |
| Skan Enskilda | 344 | +5 |
| SKF | 212 | +2 |
| St. Kopparberg | 760 | +5 |
| Sven Handelsbn. | 199 | +3 |
| Swedish Match | 261 | —4 |
| Volvo B (Free) | 464 | —3 |

## SWITZERLAND

| April 16 | Price Frs. | + or — |
|---|---|---|
| Alusuisse | 863 | —6 |
| Bank Leu | 3,800 | —50 |
| Brown Boveri | 1,510 | —5 |
| Ciba Geigy | 2,275 | —5 |
| do. (Part Certs) | 1,745 | +10 |
| Credit Suisse | 2,235 | —10 |
| Elektrowatt | 2,680 | —10 |
| Fischer (Geo.) | 685 | —5 |
| Genevoise | 3,650 | ..... |
| Hoff-Roche PtCts | 100,250 | —250 |
| Hoff-Roche 1/10 | 10,050 | +25 |
| Jacobs Suchard | 6,600 | ..... |
| Jelmoli | 1,850 | —10 |
| Landis & Gyr | 1,430 | ..... |
| Nestle | 5,075 | —15 |
| Oer-Buehrle | 1,300 | +5 |
| Pirelli | 253 | +2 |
| Sandoz (Br) | 6,775 | —50 |
| Sandoz (PtCts) | 1,020 | ..... |
| Schindler (PtCts) | 600 | +5 |
| Swissair | 1,085 | —5 |
| Swiss Bank | 332 | ..... |
| Swiss Reinsce | 8,000 | +75 |

## AUSTRALIA (continued)

| Apr. 16 | Price Aust. $ | + or — |
|---|---|---|
| Gen Prop Trust | 2.08 | —0.02 |
| Hardie (J.) | 3.45 | ..... |
| Hartogen Energy | 3.25 | ..... |
| HeraldW'y Times | 3.35 | +0.05 |
| ICI Aust | 2.12 | +0.02 |
| Jimb'lana(50cFP) | 0.28 | ..... |
| Kia Ora Gold | 0.16 | ..... |
| Land Lease | 4.80 | ..... |
| MIM | 3.70 | ..... |
| Mayne Nickless | 2.5 | ..... |
| Meekatharra | 0.80 | ..... |
| Myer Emp | 2.0 | ..... |
| Nat. Com. Bk. | 3.58 | ..... |
| News | 10.2 | —0.05 |
| Nicholas Kiwi | 2.8 | —0.1 |
| North Bkn Hill | 2.9 | ..... |
| Oakbridge | 0.96 | +0.04 |
| Otter Expl | 0.58 | —0.02 |
| Pancont'l | 1.35 | ..... |
| Pioneer Conc | 1.64 | +0.06 |
| Reckitt & Coln | 2.83 | +0.01 |
| Repco | 1.17 | ..... |
| Santos | 7.06 | ..... |
| Smith (H.) | 3.78 | +0.06 |
| Southland Min'g. | 0.40 | —0.05 |
| Spargos Expl | 0.38 | ..... |
| Thos. Natwide | 1.96 | +0.02 |
| Tooth | 5.22 | ..... |
| UMAL Cons | 3.6 | ..... |
| Vamgas | 5.5 | —0.02 |
| Western Mining | 4.32 | +0.02 |
| Westpac | 3.68 | +0.03 |
| Woodside Petrol. | 1.19 | +0.01 |
| Woolworths | 2.42 | +0.02 |
| Wormald Intl | 3.2 | ..... |

## HONG KONG

| Apr. 16 | Price H.K.$ | + or — |
|---|---|---|
| Bank East Asia | 24.6 | ..... |
| Cheung Kong | 9.65 | —0.05 |
| China Light | 12.6 | —0.1 |
| Hang Lung Devel | 2.9 | —0.05 |
| Hang Seng Bank | 39 | +0.25 |
| HK Electric | 6.05 | —0.05 |
| HK Kowloon Wh. | 4.22 | ..... |
| HK Land | 3.65 | +0.05 |
| HK Shanghai Bk. | 7.30xd | ..... |
| HK Telephone | 45.75 | —0.25 |
| Hutchison Wpa. | 17.3 | —0.2 |
| Jardine Math | 11.4 | +0.2 |
| New World Dev. | 3.47 | ..... |
| Orient O'seas | 2.65 | ..... |
| O'seas Trust Bk. | 3.45 | —0.1 |
| SHK Props. | 7.35 | ..... |
| Swire Pac A | 18.3 | —0.8 |
| Wheel'k Mard A. | 3.67 | +0.2 |
| Wheel'k M'time | 2.05 | ..... |
| World Int. Hldgs. | 2.35 | +0.1 |

## JAPAN

| April. 16 | Price Yen | + or — |
|---|---|---|
| Ajinomoto | 1,150 | ..... |
| Alps Electric | 2,590 | +10 |
| Amada | 1,300 | —90 |
| Asahi Chem | 523 | —2 |
| Asahi Glass | 766 | —11 |
| Bridgestone | 610 | +11 |
| Canon | 1,380 | —10 |
| Casio Comp. | 1,350 | +20 |
| Chugai Pharm | 1,040 | ..... |
| Citizen | 601 | +1 |
| Daiei | 720 | —17 |
| Dai Nippon Ptg | 1,140 | ..... |
| Daiwa House | 475 | ..... |
| Ebara | 338 | +12 |
| Eisai | 1,120 | ..... |
| Fanuc | 9,760 | —340 |
| Fuji Bank | 1,040 | —10 |
| Fuji Film | 1,830 | —40 |
| Fujisawa | 820 | +10 |

## JAPAN (continued)

| April. 16 | Price Yen | + or — |
|---|---|---|
| MHI | 248 | ..... |
| Mitsui Co | 363 | —2 |
| Mitsui Estate | 720 | —20 |
| Mitsukoshi | 348 | —6 |
| NGK Insulators | 798 | —7 |
| Nihon Cement | 215 | —4 |
| Nippon Denso | 1,550 | —30 |
| Nippon Elect. | 1,420 | —10 |
| Nippon Express | 304 | +2 |
| Nippon Gakki | 630 | —5 |
| Nippon Kokan | 148 | ..... |
| Nippon Oil | 1,210 | +60 |
| Nippon Seiko | 650 | +15 |
| Nippon Shimpan | 665 | +4 |
| Nippon Steel | 179 | +2 |
| Nippon Suisan | 344 | —6 |
| NTV | 15,600 | —190 |
| Nippon Yusen | 246 | —4 |
| Nissan Motor | 676 | ..... |
| Nisshin Flour | 430 | ..... |
| Nisshin Steel | 213 | +4 |
| Nomura | 873 | —32 |
| Olympus | 941 | +1 |
| Omron Tateisi | 2,350 | ..... |
| Orient Leasing | 4,080 | +80 |
| Pioneer | 2,670 | —50 |
| Renown | 685 | ..... |
| Ricoh | 1,100 | —50 |
| Sankyo | 756 | +31 |
| Sanyo Elect | 532 | —5 |
| Sapporo | 428 | ..... |
| Sekisui Prefab | 580 | +19 |
| Seven-Eleven | 8,610 | —140 |
| Sharp | 1,250 | —20 |
| Shimadzu | 613 | +8 |
| Shionogi | 625 | +4 |
| Shiseido | 1,180 | +20 |
| Sony | 3,680 | —70 |
| Stanley | 814 | +24 |
| S'tomo Elect | 950 | +5 |
| S'tomo Marine | 520 | —15 |
| S'tomo Metal | 177 | +3 |
| Taihei Dengyo | 495 | +2 |
| Taisei Corp | 215 | —1 |
| Taisho Pharm | 1,050 | ..... |
| Takeda | 714 | —2 |
| TDK | 6,050 | —340 |
| Teijin | 413 | —16 |
| Teikoku Oil | 695 | +30 |
| Tokyo Marine | 650 | —21 |
| TBS | 922 | +7 |
| Tokyo Elect Pwr. | 1,890 | —30 |
| Tokyo Gas | 171 | —2 |
| Tokyo Sanyo | 847 | —3 |
| Tokyo Style | 611 | +11 |
| Tokyu Corp | 380 | +3 |
| Toppan Print | 813 | —2 |
| Toray | 468 | —4 |
| Toshiba Elect | 438 | +4 |
| TOTO | 654 | —10 |
| Toyo Seikan | 810 | ..... |
| Toyota Motor | 1,370 | ..... |
| Victor | 2,950 | +50 |
| Wacoal | 795 | +23 |
| Yamaha | 616 | —10 |
| Yamanouchi | 1,850 | —30 |
| Yamazaki | 755 | +6 |
| Yasuda Fire | 362 | —3 |
| Yokogawa Bdge. | 439 | ..... |

## SINGAPORE

| Apr. 16 | Price $ | + or — |
|---|---|---|
| Boustead Hldgs. | 2.67 | —0.05 |
| Cold Storage | 4.26 | —0.02 |
| DBS | 10.1 | —0.1 |
| Fraser & Neave | 6.35 | —0.05 |
| Genting | 5.4 | —0.1 |
| Haw Par. Bros | 2.59 | —0.02 |
| Inchcape Bhd | 2.91 | —0.03 |
| Keppel Shipyard | 3.04 | —0.02 |
| Malay Banking | 10.3 | —0.1 |
| Malay Brew | 6.9 | ..... |
| Multi Purpose | 1.92 | —0.04 |
| OCBC | 10.5 | —0.2 |
| OUB | 4.4 | ..... |

## SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## CANADA

### TORONTO

*Prices at 2.30 pm April 16*

Total sales 3 132 423 shares

## AMERICAN

Continued from Page 39

# OVER-THE-COUNTER

*Nasdaq national market. 3pm prices*

# LONDON

**Chief price changes** (in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Chan. Tun. Invs. | 125 | + 30 |
| Lamont Hldgs | 59½ | + 7½ |
| Laporte Inds. | 428 | + 38 |
| Olives Papper | 33 | + 8 |
| Smallshaw (R.) | 38 | + 5 |
| Telefusion | 55 | + 7 |
| Gt. Vict. Gold | 55 | + 11 |
| **FALLS** | | |
| Tr. 12¾ 1992 | £111⅜ | — ⅜ |
| Tr. 11¾ 2003/07 | £113⅜ | — ¾ |
| Allied-Lyons | 158 | — 6 |
| BPB Inds. | 328 | — 7 |
| Barclays | 480 | — 20 |
| Beecham | 320 | — 10 |
| Blue Circle | 410 | — 10 |
| Boustead | 80 | — 5 |
| Cadbury Schw. | 130 | — 6 |
| Currys | 358 | — 20 |
| Distillers | 277 | — 7 |
| Grand Met. | 328 | — 10 |
| GKN | 197 | — 9 |
| Hanson Trust | 190 | — 8 |
| ICI | 594 | — 10 |
| Marks & Spen. | 248 | — 9 |
| BP | 490 | — 15 |
| Britoil | 263 | — 10 |
| Lasmo | 330 | — 15 |
| Tricentrol | 205 | — 8 |
| Cons. gold Fds. | 585 | — 13 |
| RTZ | 657 | — 8 |

Continued on Page 48

# Indices

## NEW YORK — DOW JONES

## STANDARD AND POORS

## N.Y.S.E. ALL COMMON

## RISES AND FALLS

## MONTREAL

## TORONTO Composite

New York Active Stocks

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Equity leaders sustain heaviest fall for 2½ years

## Gilt-edged also lose ground

Account Dealing Dates
Option

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Apr 9 | Apr 26 | Apr 27 | May 8 |
| Apr 30 | May 10 | May 11 | May 21 |
| May 14 | May 31 | June 1 | June 11 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

The heaviest fall for 2½ years had London equity traders recalling another black Monday, in September 1981, when the FT Industrial Ordinary share index dropped alarmingly. Yesterday the index plunged without interruption to close 20 points down at 875.2. The setback wiped out two-thirds of last week's overall gain, the result of official optimism over UK future economic trends.

The weakness was almost entirely confined to leading shares, especially those favoured by American investors. It occurred in relatively thin trading amid growing concern over the escalating miners' dispute, now posing a threat of an all-out strike, and revived uncertainty about U.S. financial and economic policies. The root cause of the depression, however, was the unexpected and sudden withdrawal of recent buyers.

Largely owing to the dearth of buying interest, profit-taking sales became increasingly more difficult to absorb. With many jobbers anxious to maintain square book positions because of the completion of their financial years at the end of the current three-week account, the sales consequently hung over the market. As share prices fell so the market atmosphere grew more nervous.

In the late afternoon, hopes of a recovery on Wall Street brought a deceleration of London's reversal. But, when the Dow Jones went lower again soon after the opening, leading shares followed and closed at the day's worst. Secondary stocks tended to be neglected, but here and there the odd top-quality issue responded favourably to trading or other news annoupcements.

Government securities had to contend with rising short-term U.S. interest rates and Friday's slump in U.S. bond values. Higher U.S. inflation was also an unsettling influence as Gilt-edged dealers protectively lowered quotations. Nervous selling soon took a fresh toll on prices and longer-dated Gilts moved down ¾ before rallying ¼ on the easing in last month's retail sales boom. Towards the close, however, the tone eased again and many longs reverted to the session's lowest.

Short-dated Gilts also came under pressure and performed similarly, although the losses here were limited to 3/16, with the exception of selected Convertible issues. Index-linked stocks eased despite the latest inflationary trends.

### Clearers fall

Fund raising fears and overseas bad debt worries continued to weigh heavily on the major clearing banks. Falls stretched into double figures with Barclays the hardest hit at 480p, down 20. NatWest shed 15 to 655p and Lloyds lost 10 to 620p. Midland, a depressed market since news of Crocker National's £84.6m first-quarter loss, were steadier and closed unchanged at 365p, after 363p. Bank of Scotland gave up 7 at 648p; the annual results are due tomorrow. Elsewhere, Minster Assets remained volatile and reacted to 146p before renewed speculative demand left the close just 3 cheaper on balance at 150p.

Bid favourite Commercial Union slipped 4 to 224p following the chairman's gloomy statement about first-quarter trading. Other Composite Insurances were generally dull, but Royals held at 580p helped by the Life business revaluation contained in the annual report. Sellers appeared of Life Insurances and Hambro Life fell 13 to 420p in front of today's annual results. Legal and General lost 15 to 468p, while similar falls were marked against Prudential, 477p, and Equity and Law, 763p.

The Body Shop International and Rameo Oil Services both made sparkling debuts in the Unlisted Securities Market despite the surrounding weakness. The former, placed at 95p, opened at 155p and settled at 160p following a brisk two-way business. The latter opened at 90p and touched 93p prior to closing at 92p compared with the placing price of 70p.

In first-time dealings, Fledgeling Japan Investment Company shares opened at 25p and settled at 22p, while the Warrants started at 25p and slipped to 23p before closing at 24p; the issue was of a unit, comprising 5 shares and 1 warrant.

Falls among Breweries ranged to double-figures, although dealers reported little sign of institutional selling. Grand Metropolitan incurred a loss of 10 at 328p, while Bass, 357p, and Whitbread, 154p, gave up 8 and 5 respectively. Allied-Lyons, which revealed its latest foray into the UK lager market yesterday via the launch of Castlemaine Australian brand, closed 6 off at 158p. Profit-taking clipped a few pence from recently-firm Wines and Spirits with Distillers 7 cheaper at 277p and Arthur Bell 5 down at 165p.

Light offerings and lack of support made for generally dull conditions among leading Buildings. Blue Circle reacted 10 to 410p and Taylor Woodrow closed 15 lower at 720p. Recently-firm BPB Industries slipped 7 to 328p, while Rugby Portland Cement softened a couple of pence to 105p. Among secondary issues, speculative favourite Wiggins, in which St Piran recently acquired a 5 per cent stake, came back 4 to 78p, but Ben Bailey attracted support and gained that amount at 44p. Y. J. Lovell firmed 6 to 180p, after 182p, in response to Press comment.

The Chemical sector displayed a bright feature in Laporte which rose 38 to 428p, after 433p, on the proposed sale of its UK and Australian titanium dioxide businesses to SCM Corporation of the U.S. for around £85m to £90m cash; Laporte's annual results are scheduled for April 26. ICI drifted back to close a net 10 down at 594p.

### Currys react

Investors' attention in Stores again centred on discount electrical retailers. Currys, widely regarded as a possible takeover target following the Woolworth/Comet developments, announced a near-50 per cent expansion in preliminary profits—above most market expectations—but still succumbed to persistent profit-taking to close 20 lower at 358p. Dixons reacted in sympathy to finish 12 off at 298p. Woolworth closed 6 easier at 505p, valuing each Comet share at just over 228p; Comet shed 6 to 222p.

Leading Retailers displayed sizeable falls after adverse weekend comment; sentiment was further unsettled by the 0.8 per cent fall in March Retail Sales. Marks and Spencer dipped 9 to 248p, while Burton fell 6 to 285p and House of Fraser 5 to 255p. Raybeck lost the turn at 46p, the profits recovery being fully discounted. Among secondary issues, favourable mention prompted occasional support of James Beattie "A," 6 dearer at 104p, while French Connection, buoyant last week after acquisition news, touched 348p before settling only 3 up on balance at 338p.

Shoes were mixed. Stylo firmed a few pence to 198p in front of tomorrow's annual results, but profit-taking clipped 5 from recent takeover favourite Newbold and Burton, 112p. Revived fears of a possible Stock Exchange inquiry into dealings left Strong and Fisher 7 cheaper at 158p.

Bowthorpe, up 3 at 278p, on the preliminary results, and Telefusion, 7 dearer at 55p, in response to weekend Press comment, resisted the downward trend in Electricals. Among the leaders, falls of around 6 were marked against GEC, 181p, Plessey, 234p, and Racal, 212p. Elsewhere, Lec Refrigeration, a particularly good market last week on bumper annual results, ran into profit-taking and reacted 20 to 415p.

Down to 410p at one stage, Hawker rallied smartly to close a couple of pence firmer on balance at 418p on late support ahead of today's preliminary statement. Other leading Engineers closed a couple of pence or so above the worst, but still recorded fairly substantial losses on the day. GKN ended 9 off at 197p, while TI finished 6 cheaper at 254p and Vickers 5 lower at 164p. Against the trend, Wadkin featured with a rise of 11 to 148p in response to the annual profits recovery.

Cadbury Schweppes encountered profit-taking and came back 6 to 130p. Kwik Save remained overshadowed by last week's disappointing results and shed 4 more to 176p.

Trusthouse Forte closed 4 cheaper at 236p; the group has sold 22 Heneken's steak bars and hotels to Whitbread for £10.5m. Ladbroke came on offer and fell 8 to 241p.

### Beecham on offer

Marked down initially, leading miscellaneous Industrials drifted lower still on light selling. Losses finally ranged to 10 and occasionally more, but trading conditions were extremely thin and the day's setback owed much to the lack of any worthwhile support. Among the American favourites, Beecham fell 10 to 320p and Glaxo a similar amount to 860p. BTR reacted 11 to 475p, while Hanson Trust were noteworthy for a loss of 8 at 190p. Pilkington Brothers, a recent speculative favourite, gave up 12 to 313p. Secondary issues recorded widespread losses, but these were usually limited to around 5. Against the trend, Lamont responded to good preliminary figures with a rise of 7½ to 59½p, while weekend Press mention stimulated occasional demand for Channel Tunnel, up 30 at 125p in a thin market. Johnson and Jorgensen, 95p, and MCD, 66p, improved 3 and a penny respectively following trading statements, while Polymark gained 5½ to 17½p awaiting Thursday's preliminary figures. On the other hand, Associated British Ports ran back 10 to 275p.

Among Publishers, renewed nervousness surrounding the pending Reuters flotation clipped 6 from Fleet, at 167p. Paper/Printings showed contrasting features in Olives, which attracted fresh speculative demand and spurted 8 to 33p, and Waco, 3 cheaper at 23p on the proposed rights issue and full-year loss.

Leading Properties encountered scrappy selling. Land Securities lost 4 to 280p and MEPC softened 3 to 300p, while Peachey shed 5 to 212p.

Easier conditions prevailed among Textiles with falls of 4 common to Courtaulds, 147p, and Nottingham Manufacturing, 266p. Vantona Viyella dipped 7 to 120p.

### BP retreat

The recent upsurge in Oils was brought to an abrupt halt. An initial mark-down was followed by persistent selling pressure and prices retreated before staging a half-hearted rally at around mid-day. This soon petered out, however, and quotations resumed their downward path to close at the day's lowest.

Recent favourites BP and LASMO were particularly vulnerable and fell 15 apiece to 490p and 330p respectively, while losses of 10 were common to Britoil, 263p and Ultramar, 585p. Reports that the Dorset bidding group could lose out to RTZ in the bid to acquire the Wytch Farm oilfield depressed Tricentrol, which gave up 8 at 205p, Carless Capel 5 at 228p, Clyde Petroleum 7 at 125p, Goal 10 at 100p and Premier 2 at 51p.

Overseas Trader Boustead fell 5 to 80p following the omitted final dividend and 52 per cent annual profits contraction. Lonrho encountered scattered selling to finish 3 cheaper at 143p, while cautious Press comment in the wake of the full-year figures clipped 6 more from Gill and Duffus, at 200p.

### Golds easier

Turnover in mining markets remained at a low level. A general lack of interest, easier precious and base-metal prices and a weak performance by domestic equities prompted widespread, albeit minor losses throughout the lists.

South African Golds drifted easier in exceptionally subdued trading ahead of the Jewish holiday. Bullion failed to give the market much of a lead and closed little changed on balance at $380.5 an ounce. The Gold Mines index gave up 1.0 to 672.5.

London-registered Financials continued to lose ground, although selling pressure was reported as minimal. Consolidated Gold Fields fell 13 to 535p, Rio Tinto-Zinc 8 more to 657p, Hampton Areas 5 to 247p and Charter Consolidated 3 to 250p.

Renewed and often sizeable selling from Johannesburg depressed De Beers a further 6 to 537p; a number of brokers' circulars emanating from South Africa have recommended a switch from De Beers into Anglo American Corporation. The latter were 3 harder at £13¼.

Australians provided a number of features, but were generally mixed. Among the speculatives, Great Victoria Gold jumped 11 to a year's high of 55p. Metramar edged up a couple of pence to 38p, while coal producer Oakbridge rose 3 to 61p.

Reduced demand for Traded Options resulted in 2,943 contracts struck — well short of last Friday's 5,193. BP attracted 150 calls with 107 transacted in the April 460s. Commercial Union remained to the fore with 304 calls struck, while Grand Metropolitan attracted 238 calls. Premium changes mirrored the dull performance of the underlying securities; CU April 240 puts advanced 5 to 17p, while Grand Metropolitan April 360 puts rose 12 to 34p.

### FINANCIAL TIMES STOCK INDICES

| | April 16 | April 13 | April 12 | April 11 | April 10 | April 9 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 83.07 | 82.43 | 82.56 | 82.58 | 82.86 | 82.96 | 82.19 |
| Fixed Interest | 86.29 | 86.48 | 86.46 | 86.45 | 86.54 | 86.46 | 84.36 |
| Industrial Ord. | 875.2 | 895.2 | 888.6 | 886.1 | 878.6 | 867.2 | 695.0 |
| Gold Mines | 672.5 | 673.5 | 670.8 | 668.3 | 666.7 | 667.3 | 627.9 |
| Ord. Div. Yield | 4.39 | 4.30 | 4.34 | 4.36 | 4.39 | 4.41 | 4.52 |
| Earnings, Yld.% (full) | 9.99 | 9.80 | 9.89 | 9.93 | 10.00 | 9.92 | 9.18 |
| P/E Ratio (net) (*) | 12.11 | 12.35 | 12.23 | 12.18 | 12.09 | 12.11 | 13.23 |
| Total bargains (Est.) | 24,660 | 24,686 | 25,015 | 24,229 | 26,299 | 29,252 | 25,612 |
| Equity turnover £m. | — | 320.97 | 306.51 | 282.31 | 287.23 | 269.47 | 253.81 |
| Equity bargains | — | 20,534 | 20,083 | 20,563 | 20,514 | 23,409 | 25,065 |
| Shares traded (ml) | — | 177.2 | 167.8 | 174.7 | 170.5 | 194.0 | 140.7 |

10 am 887.8. 11 am 883.9. Noon 882.0. 1 pm 878.8. 2 pm 876.8. 3 pm 876.2.

Basis 100 Govt. Secs. 9/1/56. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026.

*Nil=11.50.

### HIGHS AND LOWS — S.E. ACTIVITY

| | 1984 High | 1984 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 83.77 (9/1) | 82.07 (16/4) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 87.48 (14/3) | 86.29 (16/4) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 901.4 (21/3) | 770.5 (4/1) | 901.4 (21/3/84) | 49.4 (26/6/40) |
| Gold Mines | 711.7 (3/3) | 620.2 (17/1) | 734.7 (15/2/83) | 43.5 (26/10/71) |

| | April 13 | April 12 |
|---|---|---|
| Daily Gilt Edged Bargains | 185.5 | 157.4 |
| Equities Bargains | 133.0 | 129.7 |
| Value | 648.8 | 617.1 |
| 5-day Average Gilt Edged Bargains | 150.5 | 156.5 |
| Equities Bargains | 136.1 | 150.1 |
| Value | 692.3 | 602.2 |

### FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon April 16 1984

Figures in parentheses show number of stocks per section

| | Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 30%) | Est. P/E Ratio (Net) | Fri April 13 | Thurs April 12 | Wed April 11 | Tues April 10 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (202) | 518.07 | -1.7 | 8.78 | 3.54 | 14.54 | 527.01 | 525.79 | 523.66 | 519.61 | 479.82 |
| 500 SHARE INDEX | 567.49 | -1.8 | 9.70 | 4.24 | 12.71 | 577.95 | 571.09 | 568.38 | 563.82 | 480.55 |
| 99 ALL-SHARE INDEX (746) | 523.02 | -1.7 | — | 4.41 | — | 532.00 | 526.56 | 524.32 | 520.81 | 441.52 |

[illegible]

### FIXED INTEREST

| PRICE INDICES | Mon April 16 | Day's change % | Fri April 13 | xd adj. today | xd adj. 1984 to date |
|---|---|---|---|---|---|
| British Government | | | | | |
| 1 5 years | 117.66 | -0.18 | 118.81 | 0.64 | 4.10 |
| 2 5—15 years | 130.45 | -0.47 | 131.53 | 0.46 | 4.70 |
| 3 Over 15 years | 139.09 | -0.53 | 141.31 | 1.47 | 4.34 |
| 4 Irredeemables | 152.84 | -0.62 | 153.80 | — | 1.62 |
| 5 All stocks | 129.12 | -0.38 | 130.51 | 0.69 | 4.43 |
| 6 Debentures & Loans | 109.06 | -0.10 | 109.15 | — | 3.43 |
| 7 Preference | 77.39 | +0.12 | 77.25 | — | 2.55 |

AVERAGE GROSS REDEMPTION YIELDS — [illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

COUPON BAND CHANGES: Low 2½% to 9¾%, Medium 10% to 12% and High 12¼% to 15½%.

### RECENT ISSUES

#### EQUITIES

[illegible]

#### FIXED INTEREST STOCKS

[illegible]

#### "RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. T Pence unless otherwise indicated. ‡ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). • Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted Securities Market. ‡‡ Placing price. † Official London Listing. * Offered as units, comprising one and one N/V A ord. † No par value. † Each unit comprises 5 shares and 1 warrant.

### RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 10 | 77 | 7 |
| Corpns. Dom. and Foreign Bonds | 3 | 28 | 49 |
| Industrials | 201 | 508 | 702 |
| Financial and Props. | 86 | 197 | 266 |
| Oils | 19 | 42 | 60 |
| Plantations | 3 | 2 | 18 |
| Mines | 42 | 44 | 86 |
| Others | 66 | 66 | 79 |
| Totals | 396 | 988 | 1,264 |

### NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (80)

[illegible]

NEW LOWS (48)

[illegible]

### FT - SE 100 INDEX

Close 1105.9 (−23.9)
Day's high 1122.8 (9.35 am)
Day's low 1105.6 (4.55 pm)
Base value=1000 December 30 1983

### OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Apr 16 | Apr 27 | July 26 | Aug 23 |
| May 8 | May 18 | Aug 9 | Aug 20 |
| May 21 | June 8 | Aug 30 | Sept 10 |

For rate indications see end of Share Information Service

Money was given for the call of Selincourt, French Kier, London Investment Trust, Ranger Oil, UKO, Phoenix Properties, Berkeley and Hay Hill, John Brown, Leyland Paint, Gestetner A, Aran Energy, RHP, First National Finance, Thomas Borthwick, Midland Industries, John Folkes Hefo, Platignum, Telefusion, Asia Oil, Richardsons Westgarth and Chloride. Puts were taken out in I. D. & S. Rivlin and Amstrad Consumer Electronics. No doubles were reported.

### ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

[illegible]

### FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

[illegible]

### EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS 9,660

A=Ask B=Bid C=Call P=Put

### LONDON TRADED OPTIONS

[illegible]

Apr. 16. Total Contracts 2,943. Calls 1,844. Puts 1,119

*Underlying security price.

# FT LONDON SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1984 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 101 11/16 | 100 3/16 | Exch 14pc 1984 | 100 17/32xd | ..... | 13.93 | 8.49 |
| 99 | 97 1/8 | Exch. 3pc 1984 | 99 | +1/32 | 3.03 | 8.77 |
| 101 13/16 | 101 1/8 | Treas 12pc 1984 | 101 1/4 | –1/32 | 11.85 | 8.89 |
| 105 3/8 | 104 3/32 | Treas. 15pc 1985 | 104 7/32 | –1/32 | 14.39 | 9.60 |
| 102 3/4 | 102 1/4 | Exch. 12pc Cnv. '85 | 102 1/16 | –1/8 | 11.71 | 9.17 |
| 94 1/4 | 93 3/4 | Treas 3pc 1985 | 94 3/4xd | +1/8 | 3.17 | 8.40 |
| 102 3/8 | 101 13/16 | Treas 11 1/2pc 1985 | 102 3/32 | –1/32 | 11.24 | 8.40 |
| 99 3/4 | 98 1/4 | Treas 8 3/4pc Cnv '85 | 98 7/8 | –1/8 | 8.85 | 9.58 |
| 104 3/16 | 102 13/32 | Exch. 12 3/4pc 1985 | 103 5/8xd | –1/8 | 11.82 | 9.76 |
| 103 15/16 | 102 1/8 | Exch. 11 3/4pc '86 | 103 1/8 | –1/8 | 11.39 | 9.82 |
| 102 3/16 | 100 3/16 | Treas. 10pc Cnv 1986 | 100 1/2 | –1/16 | 9.95 | 9.72 |
| 90 1/4 | 88 1/4 | Treas 3pc 1986 | 89 3/4xd | –1/8 | 3.36 | 8.80 |
| 102 | 100 1/8 | Exch. 10 1/2pc Cv '86 | 100 7/8xd | –1/8 | 10.41 | 10.05 |
| 104 3/16 | 102 1/2 | Treas 12pc 1986 | 103 3/8 | –1/16 | 11.61 | 10.18 |
| 98 3/4 | 97 1/8 | Treas 8 1/2pc 1984-86‡‡ | 97 3/8 | –1/16 | 8.73 | 9.82 |
| 108 11/16 | 107 3/16 | Exch. 14pc 1986 | 108 1/4xd | –1/16 | 12.93 | 10.23 |
| 87 1/8 | 85 | Exch. 2 1/2pc 1986 | 85 7/8xd | ..... | 2.91 | 8.70 |
| 107 15/16 | 106 1/16 | Exch. 13 1/4pc 1987 | 106 13/16 | –1/4 | 12.40 | 10.32 |
| 100 3/4 | 98 13/16 | Treas 10 1/4% Cv '87 | 99 13/16 | –1/4 | 10.27 | 10.29 |
| 86 1/8 | 83 11/16 | Exch 2 1/2pc 1987 | 84 | –3/16 | 2.98 | 8.96 |
| 101 3/16 | 99 1/8 | Exch. 10 1/2pc 1987 | 100 1/8 | –3/16 | 10.49 | 10.44 |
| 92 13/16 | 90 3/4 | Funding 6 1/2pc '85-87‡‡ | 91 3/16xd | –1/8 | 7.13 | 9.94 |
| 99 3/4 | 97 13/16 | Treas. 10pc 1987 | 98 11/16 | –3/16 | 10.13 | 10.47 |
| 85 | 82 1/4 | Treas 3pc 1987 | 82 3/4 | –1/4 | 3.63 | 9.28 |
| 105 | 103 3/16 | Treas. 12pc 1987 | 104 1/4xd | –3/16 | 11.51 | 10.52 |
| 94 7/8 | 92 | Treas 7 3/4pc 1985-88‡‡ | 93 1/8 | –1/8 | 8.32 | 9.96 |
| 100 3/4 | 99 1/16 | Exch 10 1/2pc '88 | 100 1/16xd | –3/16 | 10.49 | 10.49 |
| 98 7/16 | 96 1/4 | Treas 9 3/4pc Cv '88 | 97 3/8 | –3/16 | 10.01 | 10.53 |
| 82 | 79 1/4 | Transport 3pc '78-88 | 79 1/4 | –1/4 | 3.79 | 9.03 |
| 96 15/16 | 94 13/16 | Treas. 9 1/2pc '88 | 96 1/8xd | –3/16 | 9.88 | 10.60 |
| 106 3/4 | 100 5/8 | Treas 11 1/2pc 1989 | 103 1/4 | –1/4 | 11.14 | 10.60 |

### Five to Fifteen Years

| 1984 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 103 3/16 | 99 1/8 | Treas. 10 1/2pc 1989 | 102 5/8 | –1/8 | 10.60 | 10.73 |
| 100 3/16 | 96 3/4 | Exch 10pc 1989 | 99 5/8 | –1/8 | 10.37 | 10.89 |
| 70 11/16 | 69 1/8 | Do. 10pc '89A (£70pd) | 69 1/8 | –7/16 | 10.35 | 10.86 |
| 85 1/8 | 80 7/8 | Treas 5pc 1986-89 | 81xd | –1/8 | 6.18 | 9.53 |
| 112 3/4 | 107 5/8 | Treas 13pc 1990‡‡ | 111 1/2 | –1/8 | 12.02 | 11.01 |
| 110 7/8 | 105 1/8 | Exch. 12 1/2pc 1990 | 107 1/8 | –3/8 | 11.74 | 10.97 |
| 93 1/4 | 90 1/2 | Treas 8 1/4pc 1987-90‡‡ | 92 1/8 | –1/8 | 9.21 | 10.58 |
| 98 13/16 | 90 5/8 | Treas. 10pc Cv 1990 | 97 7/8 | –1/2 | 10.39 | 10.80 |
| 107 | 102 3/8 | Treas 11 3/4pc 1991 | 105 7/8 | –1/2 | 11.44 | 11.14 |
| 84 1/8 | 79 1/4 | Funding 5 3/4pc '87-91‡‡ | 79 1/4 | –1/4 | 7.27 | 9.99 |
| 105 3/4 | 100 | Exch 11pc 1991 | 100xd | –1/2 | 10.97 | 10.95 |
| 112 5/8 | 107 5/8 | Treas 12 3/4pc 1992‡‡ | 111 1/2 | –5/8 | 11.77 | 11.09 |
| 100 5/8 | 94 5/8 | Treas 10pc 1992 | 97 7/8 | –3/8 | 10.38 | 10.79 |
| 111 1/4 | 104 1/4 | Exch. 12 1/4pc '92 | 107 1/2 | –1/2 | 11.58 | 11.16 |
| 117 1/2 | 107 3/4 | Exch 13 1/2pc 1992 | 112 7/8 | –5/8 | 12.06 | 11.26 |
| 113 3/4 | 107 3/4 | Treas 12 1/2pc 1993‡‡ | 111 | –1/2 | 11.60 | 11.12 |
| 78 3/4 | 75 1/4 | Funding 6pc 1993‡‡ | 75 1/4 | –1/4 | 8.03 | 10.24 |
| 121 3/4 | 113 7/8 | Treas 13 3/4pc 1993‡‡ | 113 7/8xd | –1/4 | 11.93 | 11.13 |
| 126 1/4 | 118 5/8 | Treas 14 1/2pc 1994‡‡ | 122 1/8 | –1/2 | 12.06 | 11.06 |
| 120 5/8 | 113 1/4 | Exch 13 1/2pc 1994 | 113 1/4xd | –1/2 | 11.88 | 11.21 |
| 114 1/8 | 106 5/8 | Exch. 12 1/2pc 1994 | 109 7/8 | –5/8 | 11.58 | 11.17 |
| 94 1/2 | 89 3/4 | Treas 9pc 1994‡‡ | 89 3/4xd | –1/8 | 9.99 | 10.58 |
| 109 3/4 | 104 7/8 | Treas 12pc 1995 | 107 1/2 | –5/8 | 11.45 | 11.21 |
| 64 1/4 | 62 1/4 | Gas 3pc '90-95 | 62 1/4xd | –1/8 | 4.81 | 8.26 |
| 99 1/8 | 95 5/8 | Exch. 10 1/4pc 1995 | 97 5/8 | –5/8 | 10.77 | 11.00 |
| 117 7/8 | 110 | Treas 12 3/4pc 1995‡‡ | 110xd | –1/2 | 11.49 | 11.05 |
| 122 5/8 | 117 3/4 | Treas. 14pc '96 | 121 | –1/2 | 11.89 | 11.23 |
| 94 5/8 | 88 3/4 | Treas 9pc 1992-96‡‡ | 89 7/8 | –1/2 | 10.11 | 10.64 |
| 134 7/8 | 126 | Treas 15 1/4pc 1996‡‡ | 126xd | –5/8 | 12.04 | 11.17 |
| 122 1/8 | 114 | Exch 13 1/4pc 1996‡‡ | 114xd | –5/8 | 11.52 | 10.98 |
| 69 1/2 | 66 1/4 | Redemption 3pc 1986-96 | 66 3/4 | –1/4 | 4.50 | 7.07 |
| 120 | 115 3/4 | Treas 13 1/4pc 1997‡‡ | 118 1/8 | –5/8 | 11.52 | 11.01 |
| 104 1/2 | 97 1/8 | Exch 10 1/2pc 1997 | 99 1/2 | –1/2 | 10.73 | 10.79 |
| 92 1/2 | 86 1/2 | Treas 8 3/4pc 1997‡‡ | 87 7/8 | –1/2 | 10.09 | 10.61 |
| 134 5/8 | 125 1/4 | Exch. 15pc 1997 | 125 1/4xd | –3/4 | 11.99 | 11.20 |
| 95 1/2 | 93 1/4 | Exch. 9 3/4pc 1998 | 93 7/8 | –5/8 | 10.48 | 10.72 |
| 79 | 73 1/2 | Treas 6 3/4pc 1995-98‡‡ | 73 1/2xd | –1/2 | 9.15 | 10.25 |
| 138 5/8 | 130 1/2 | Treas. 15 1/2pc '98‡‡ | 131 7/8 | –5/8 | 11.83 | 11.11 |

### Over Fifteen Years

### Undated

### Index-Linked

### INT. BANK AND O'SEAS GOVT STERLING ISSUES

### CORPORATION LOANS

### COMMONWEALTH AND AFRICAN LOANS

### LOANS

#### Building Societies

#### Public Board and Ind.

#### Financial

### FOREIGN BONDS & RAILS

## AMERICANS

## CANADIANS

## BANKS, H.P. AND LEASING

### Hire Purchase, Leasing, etc.

## BEERS, WINES AND SPIRITS

## BUILDING INDUSTRY, TIMBER AND ROADS

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## DRAPERY & STORES—Cont.

## ELECTRICALS

## ENGINEERING

## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

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## INDUSTRIALS—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 66 | 45 | McD Group | 66 | +1 | 1.5 | ♦ | 2.2 | ♦ |
| 27 | 21 | MY Dart 10p | 26 | +1 | 0.75 | ♦ | 4.2 | ♦ |
| 154 | 136 | M'c'rthy Ph. 20p | 142 | −1 | 7.0 | 2.8 | 7.0 | 6.7 |
| 156 | 134 | Macfarlane 6p | 156xd | +1 | 3.87 | ♦ | 3.5 | ♦ |
| 44 | 37 | Maclellan 20p | 44 | +1 | d1.5 | 1.0 | 4.9 | 15.8 |
| 117 | 44½ | Macpherson (D.) | 112 | | †2.25 | 0.1 | 2.9 | — |
| 64 | 53 | Magnolia Group | 53xd | | 2.5 | ♦ | 6.7 | ♦ |
| 64 | 43 | Malnnet Hldgs 10p | 45 | | — | — | — | 47.9 |
| 270 | 157 | Man. Ship Can. £1 | 252 | −5 | 5.5 | 3.5 | 3.1 | 13.0 |
| 92 | 78 | Marley | 85 | −1 | 3.2 | 2.1 | 5.4 | 11.9 |
| 50½ | 40 | Marling Ind. 10p | 50 | −½ | †1.08 | 1.7 | 3.1 | (22.0) |
| 37 | 29 | Marshall L'xy. 'A' | 35 | | †1.2 | — | ‡ | — |
| 66 | 54 | Marshall's Univ | 62 | +2 | 8 | — | — | — |
| 30 | 24½ | Martin-Black | 24½ | −½ | — | — | — | — |
| [illegible] | [illegible] | Mathesons 7¾% | [illegible] | | Q7¾% | 2.3 | 19.0 | — |
| 374 | 296 | Metal Box £1 | 362 | −6 | †11.95 | 3.2 | 4.6 | (8.9) |
| 184 | 129 | Metal Closures | 184 | +4 | 6.3 | ♦ | 4.9 | ♦ |
| 27 | 18 | Metal Sciences 25p | 24 | −1 | — | — | — | — |
| 19 | 11½ | Metamec Jentique | 11½ | −½ | 0.01 | — | — | — |
| 133 | 109 | Midland Marts | 115 | −3 | 4.0 | 2.1 | 5.0 | 13.0 |
| 59 | 45 | Mitchell Cotts | 58 | −½ | 3.62 | 1.0 | 8.9 | (15.4) |
| 29 | 18 | Moben Grp 1p | 23xd | +2 | 0.5 | ♦ | 3.1 | ♦ |
| [illegible] | [illegible] | M'santo 5pc 82-6 | £197 | −1 | Q5% | — | f2.6 | — |
| 168 | 132 | Morgan Crucible | 168 | +3 | 7.5 | ♦ | 6.5 | ♦ |
| 97 | 82 | Moss (Robt.) 10p | 93 | −2 | †2.0 | 2.4 | 3.1 | 17.2 |
| 272 | 197 | NMW Computers | 248xd | +1 | 6.0 | ♦ | 3.5 | ♦ |
| 65 | 57 | Nash Inds. | 62 | | 4.0 | 2.2 | 9.2 | 7.2 |
| 47 | 30 | Neil&Sp'ncer 10p | 40 | | — | — | — | ♦ |
| [illegible] | | | | | | | | |

## INSURANCES

[illegible]

## LEISURE

[illegible]

## LEISURE—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 115 | 76 | Medminster 10p | 80 | | 14.4 | 2.3 | [illegible] | [illegible] |
| 167 | 138 | Miss World 10p | 165 | | 3.0 | 3.5 | [illegible] | [illegible] |
| 24½ | 19½ | Nationwide Leis. | 21 | | 0.25 | ♦ | [illegible] | [illegible] |
| 38 | 17 | Nimslo Int 20c | 22 | | — | — | [illegible] | [illegible] |
| 135 | 112 | Norton Opax 10p | 133 | +3 | t2.17 | 4.3 | [illegible] | [illegible] |
| 31½ | 27 | Owners Abroad | 27½xd | −½ | 0.75 | ♦ | [illegible] | [illegible] |
| 62 | 35 | Photax (Lon.) | 62 | | — | — | [illegible] | [illegible] |
| 130 | 95 | Pineapple Dnc St 10p | 115 | −2 | d1.5 | 4.0 | [illegible] | [illegible] |
| 420 | 312 | Pleasurama 5p | 353 | | 6.5 | 4.7 | [illegible] | [illegible] |
| 158 | 110 | Radio City 'A' NV | 130 | | 5.6 | 1.9 | [illegible] | [illegible] |
| 70 | 61 | Radio Clyde N/V | 61 | | 3.0 | 1.4 | [illegible] | [illegible] |
| 148 | 111 | Riley Leisure 10p | 113xd | | 4.2 | ♦ | [illegible] | [illegible] |
| 118 | 95 | Saga Hols. 20p | 95 | | 3.75 | ♦ | [illegible] | [illegible] |
| 375 | 290 | Samuelson Grp £1 | 350 | +20 | d12.0 | 2.7 | [illegible] | [illegible] |
| 178 | 114 | Scott. TV 'A' 10p | 178xd | +4 | 18.1 | ♦ | [illegible] | [illegible] |
| 242 | 191 | SeaCo Inc | 195 | −8 | — | — | [illegible] | [illegible] |
| 35 | 21 | SelecTV 10p | 25 | −1 | — | — | [illegible] | [illegible] |
| 37 | 24 | TSW 5p | 36xd | | 1.2 | 2.2 | [illegible] | [illegible] |
| 150 | 79 | TVS N/Vtg 10p | 145 | | 2.0 | 5.5 | [illegible] | [illegible] |
| 27 | 22 | Television Svcs 10p | 26 | | d0.2 | ♦ | [illegible] | [illegible] |
| 90 | 72 | Tottenham Hotspur | 74½ | −½ | 14.0 | 1.9 | [illegible] | [illegible] |
| 146 | 120 | Trid'nt TV 'A' 10p | 138 | +2 | 5.5 | 1.8 | [illegible] | [illegible] |
| 168 | 168 | 21st Century Dist. | 185 | | — | — | [illegible] | [illegible] |
| 197 | 135 | Tyne Tees TV 'A' £1 | 197 | | 8.25 | 2.4 | [illegible] | [illegible] |
| 166 | 107 | Ulster TV N/V 'A' | 164 | +2 | 18.0 | 2.5 | [illegible] | [illegible] |
| 25½ | 18 | Webb (Jos.) 5p | 18½ | | d0.51 | 0.5 | [illegible] | [illegible] |
| 98 | 88 | Zetters 5p | 94 | | 13.1 | 3.0 | [illegible] | [illegible] |

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## INVESTMENT TRUSTS—Cont.

[illegible]

### Finance, Land, etc

[illegible]

## OIL AND GAS

[illegible]

## OIL AND GAS—Continued

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 330 | 265 | Cambridge Pet 20p | 325 | | — | — | — | — |
| 202 | 180 | Candecca Res. | 187 | | ♦ | — | — | — |
| 245 | 190 | Carless Capel 10p | 228 | −5 | g2.75 | 1.0 | 1.7 | (75.6) |
| 78 | 69 | Century 10p | 71 | −1 | 3.4 | 2.7 | 6.8 | 7.7 |
| 84 | 69 | Charterhall 5p | 76 | | g0.3 | ♦ | 0.6 | ♦ |
| 159 | 113 | Charterhouse Pet. | 157xd | −2 | 0.75 | ♦ | 0.7 | ♦ |
| £20½ | £14¾ | Cie Fr. Petroles B | £20½ | | v30% | — | 6.3 | — |
| [illegible] | | | | | | | | |

## OVERSEAS TRADERS

[illegible]

## PLANTATIONS

### Rubbers, Palm Oil

[illegible]

### Teas

[illegible]

## MINES

### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—Continued

### Australians

| 1984 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 18 | 15 | ACM 20c | 15½ | | — | — | — |
| 38 | 28 | Allstate Expl'n. NL | 29 | | — | — | — |
| £10½ | 4 | Asia Oil & Minerals | 6½ | | — | — | — |
| 19 | 17 | Aust. Hydrocarbons NL | 18 | | — | — | — |
| 28 | 20½ | Australis Mng NL | 27 | | — | — | — |
| 43 | 15 | Balmoral Res | 43 | +½ | — | — | — |
| 36 | 28 | Black Hill Mins | 29 | | — | — | — |
| 104 | 81 | Bond Corp | 81 | −4 | Q10c | 0.7 | 8.0 |
| 177 | 150 | Bougainville 1 Kina | 174 | +1 | Q16.4c | 1.2 | 6.1 |
| 398 | 330 | CRA $2 | 398 | | Q12c | ♦ | 2.0 |
| 86 | 68 | Carr Boyd 20c | 75 | | — | — | — |
| 40 | 30 | Central Kalgoorlie | 33 | −1 | — | — | — |
| 24 | 20 | Central Pacific | 21 | | — | — | — |
| 4¼ | 3 | Cons Gld Mg Areas NL | 3¼ | | — | — | — |
| 8½ | 6 | Coopers Res. NL | 6 | | — | — | — |
| 240 | 188 | Crusader Oil | 202 | +6 | — | — | — |
| 26 | 10½ | Cultus Pac NL | 11 | +½ | — | — | — |
| 13 | 8½ | Eagle Corp 10c | 12½ | +½ | — | — | — |
| 275 | 174 | Emperor Mines | 265 | | — | — | — |
| 16½ | 11 | Endeavour 20c | 12 | | — | — | — |
| [illegible] | | | | | | | |

### Tins

[illegible]

### Miscellaneous

[illegible]

## NOTES

[illegible]

## REGIONAL AND IRISH STOCKS

[illegible]

## OPTIONS

3-month call rates

[illegible]

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

# AUTHORISED UNIT TRUSTS

# FT UNIT TRUST INFORMATION SERVICE

# INSURANCES

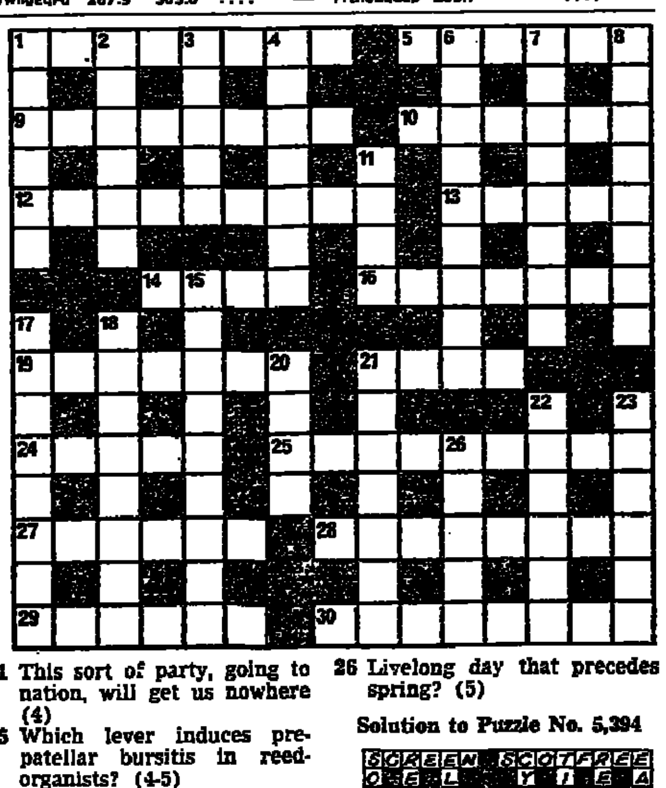
## Insurances—continued

## Offshore & Overseas—continued

## Money Market Trust Funds

## Money Market Bank Accounts

# F.T. CROSSWORD PUZZLE No. 5,395



### ACROSS

1 Inclination of writer to sing (8)
5 "The Mosaic Path" (Book Two) (6)
9 State of vehicle needing an oil-change (8)
10 Knowing our inside, like baker at work (6)
12 S. Coe on time, almost, going round — he understands resources (9)
13 Old wars in Cup breaking out (5)
14 Formerly, a royal speedboat destination (4)
16 Polish work-place in Derbyshire (7)
19 Mild Labour-leader in bond of union (7)
21 Mid-off on field in offensive jumper (4)
24 Encourages some of our gestures (5)
25 In a way, you spend millions for a fictitious title (9)
27 Refuse to have young (6)
28 Fan sticking (8)
29 Yarn-bearer led off after victory (6)
30 Comic show — extremely daffy — gets big wave inside (8)

### DOWN

1 Smiling kit-bag filler? (6)
2 Limited quarrel at noon (6)
3 Shortly he will ring a greeting (5)
4 African palm-civet found in west, north and in east (7)
6 Oxy-phenol compound used by wood-tappers (9)
7 Such obstinacy sounds — er . . corrected (8)
8 Blue picture? (8)
11 This sort of party, going to nation, will get us nowhere (4)
15 Which lever induces prepatellar bursitis in reed-organists? (4-5)
17 Boys must be prepared to observe it (5-3)
18 Enhance boat-crew in Orpington, perhaps (8)
20 Baked beans need this lid for protection (4)
21 e.g. third man red file revealed (7)
22 Sound evidence of a tissue having been thrown out (6)
23 My hits could be mighty in it (6)
26 Livelong day that precedes spring? (5)

### Solution to Puzzle No. 5,394

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# INSURANCE & OVERSEAS MANAGED FUNDS

### Barclays Life Ass.—Cont.

| | | | | |
|---|---|---|---|---|
| Income Accum | 136 1 | 143 3 | -1 3 | — |
| Do Initial | 130 4 | 137 3 | -1 2 | — |
| Universal Tec Acc. | 91 2 | 96.0 | +0 2 | — |
| Do. Initial | 89 9 | 94 7 | +0 2 | — |
| Man Pens Accum | 273 2 | 287 6 | | — |
| Do Initial | 222 0 | 233 7 | | — |
| Gilt-Edg Pens Accum | 224.8 | 236 7 | | — |
| Do Initial | 175 6 | 184 9 | | — |
| Money Pens. Accum | 195 3 | 205 6 | | — |
| Do Initial | 154 6 | 162 8 | | — |

### Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

| | | | | |
|---|---|---|---|---|
| Black Horse Man. Fd. | | 259.71 | | — |
| Managed Inv. Fd. | 173 99 | 183.15 | | — |
| Property Fd. | 154.00 | 162 11 | | — |
| Fixed Interest Fd. | 151.44 | 159 38 | | — |
| Cash Fd | 138.81 | 146.12 | | — |
| Income Fd. | 200.96 | 211.54 | | — |
| Extra Income Fd. | 189 93 | 199 93 | | — |
| Worldwide Growth Fd. | 228.65 | 240.69 | | — |
| Balanced Fd. | 201.20 | 211.79 | | — |
| Smlr Co's & Recy. Fd | 230 27 | 242.39 | | — |
| Int. Technology Fd | 264.05 | 277.95 | | — |
| Nth. Amer. & Gen. Fd. | 146.34 | 154.05 | | — |
| Energy Int. Fd. | 111.19 | 117.05 | | — |
| Pacific Basin Fund | 164.81 | 173.49 | | — |

### British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

| | | | | |
|---|---|---|---|---|
| Managed | 122.0 | 128.9 | | — |
| Property | 125.6 | 132.2 | | — |
| Equity | 133 1 | 140.2 | | — |
| International | 135 6 | 142.8 | | — |
| Fixed Interest | 107.2 | 112.9 | | — |
| Deposit | 102.1 | 107.5 | | — |
| Managed Pen. Cap. | 121.7 | 128.1 | | — |
| Property Pens. Cap. | 127.0 | 133.7 | | — |
| Equity Pens. Cap. | 128.0 | 134.8 | | — |
| Intnl. Pens. Cap. | 140.3 | 147.7 | | — |
| Fixed Int. Pens. Cap. | 102 2 | 107.6 | | — |
| Deposit Pens. Cap. | 98.6 | 103.8 | | — |

### Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

| | | | | |
|---|---|---|---|---|
| Equity Gth March 1 | | 103 6 | | — |
| Retmt. Fed. April 6 | 296.3 | | +21.1 | — |
| Managed Pen Fund | 198.2 | 208.7 | +3.1 | — |
| Property Pen Fund | 116.0 | 122.1 | +0 4 | — |
| Index Lnkd Pen Fund | 111 5 | 117.4 | +1.7 | — |
| Managed | 136.0 | 143.2 | +5.1 | — |
| Property | 106.7 | 112.4 | | — |

### G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

| | | | | |
|---|---|---|---|---|
| G.T. Plan Bond Fund | 127.8 | 134 6 | +0.7 | — |
| GT Pln High Yld Fnd | 137.8 | 145.1 | +1.5 | — |
| GT Plan Far East Fnd | 117 8 | 124 1 | -0.2 | — |
| GT Plan N. Am Fd | 117.8 | 124.1 | +0.2 | — |
| GT Pln UK&G.E. Fnd | 159 0 | 167 4 | +2.0 | — |
| GT Pln Wrldwde Fnd | 150 1 | 158.0 | +0.1 | — |
| GT Pension Bod Fnd. | 139.6 | 147.0 | -0.6 | — |
| GT Pen High Yld Fd | 159.9 | 168.4 | +1.9 | — |
| GT Pen Far East Fd | 178.1 | 187.5 | +0.3 | — |
| GT Pen N. Am. Fd. | 166.7 | 175.5 | +1.0 | — |
| GT Pen UK & G E. Fd. | 185.9 | 195 7 | +2.3 | — |
| GT Pen Worldwide Fd. | 160.7 | 169.2 | +0.2 | — |

Prices for Accum. Units only.

### Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

| | | | | |
|---|---|---|---|---|
| Intl. Managed Bond | 173.6 | 182.8 | | — |

### General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 31971

| | | | | |
|---|---|---|---|---|
| Portfolio Fd. Acc. | | 248.5 | | — |
| Portfolio Fd. Init. | | 212.5 | | — |

Continued on adjacent Page

### Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

| | | | | |
|---|---|---|---|---|
| Managed Fd | 285.9 | 301.3 | | — |
| Money Fd | 158.8 | 167.2 | | — |
| Equity Fd | 242.8 | 255 9 | | — |
| Fixed Int. Fd. | 121.9 | 128.5 | | — |
| Property Fd | 176.2 | 185.7 | | — |
| Managed Pen. Fd | 280.0 | 295 1 | | — |
| Equity Pension Fd | 180.5 | 190.2 | | — |
| Fixed Int. Pen. Fd | 173 4 | 182.7 | | — |
| High Yield Pen. Fd | 170.8 | 180.0 | | — |
| Money Pension Fd | 132.9 | 139.9 | | — |
| Property Pension Fd | 129.9 | 136.9 | | — |

### Gresham/Framlington

| | | | | |
|---|---|---|---|---|
| American & Gen. Fd. | 223.0 | 235.0 | +0.7 | — |
| Income Fd | 221.7 | 233 6 | +1.0 | — |
| Int'l. Growth Fd | 268.5 | 282.9 | +1.6 | — |
| Capital Fund | 228.9 | 241.2 | +1.4 | — |
| Recovery Fund | 168.1 | 177.1 | +1.3 | — |
| Japan & Gen Fd | 106.0 | 111.7 | -0.4 | — |

### Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

| | | | | |
|---|---|---|---|---|
| Flexible Finance | £1,536 | | | — |
| Landbank Secs. | £0.6674 | | | — |
| Landbank Secs. Acc. | 189.2 | 194.1 | | — |

## OFFSHORE AND OVERSEAS

# COMMODITIES AND AGRICULTURE

## Copper stocks fall surprises traders

BY JOHN EDWARDS, COMMODITIES EDITOR

METAL TRADERS were surprised yesterday by a much bigger than expected fall in copper stocks held in the London Metal Exchange warehouses last week. Prices none the less ended the day virtually unchanged after early gains were wiped out in late trading.

A depressing influence was the announcement by Kennecott, the U.S. producer, that it was cutting its domestic selling price by 2 cents to 74 cents a pound.

The fall of 27,175 tonnes in copper stocks reduced total holdings to 283,125 tonnes, the lowest level since August and nearly 153,000 below the five-year peak of 435,975 tonnes in mid-January.

The rapid decline in LME warehouse stocks in the past three months is attributed to improved demand, especially for good-quality brands, and sustained buying by Japan, China and other Communist bloc countries.

Lead prices failed to respond to another hefty fall in warehouse stocks, which declined by 6,075 to 119,700 tonnes. Cash lead closed £9.5 lower at £330 a tonne, following further speculative profit-taking. Cash zinc also closed £5.5 down in spite of stocks falling by 2,175 to 47,475 tonnes.

A cut of 500 tonnes only in aluminium stocks, reducing total holdings to 182,925 was considered disappointing and the market came under renewed pressure with cash aluminium closing £17 down at £935.5 a tonne.

Tin stocks declined by 135 to 29,830 tonnes and LME silver holdings by 90,000 to 51,258,000 ounces. Nickel stocks, however, rose by 120 to 30,042 tonnes.

## Zambia sets up metals and minerals trading arm

BY OUR COMMODITIES EDITOR

ZAMBIA HAS set up a metals and minerals trading arm. Called Memaco Trading it is jointly owned by the state-controlled Metal Marketing Corporation and Zambian Consolidated Copper Mines (ZCCM).

The company, based in London, is to operate entirely autonomously from Memaco Services, which remains the exclusive agency handling the physical sales of Zambian metal and mineral products including direct-supply contracts with consumers.

Memaco Trading will have a much wider brief. Unlike Memaco Services it will be able to buy and sell in both the futures and physical markets as well as deal in other related ares, and its activities will not necessarily be confined solely to Zambian products.

It will have its own, separate board, able to take decisions independently in London. This is still being constituted but will include senior personnel from Memaco and ZCCM, including Mr L. C. Mutakasha, marketing director of Memaco, chairman, and Mr F. H. Kaunda, chairman and chief executive of ZCCM.

In deciding to form its own trading company Zambia is following the example of other Third World copper producers who are fellow-members of the Council of Copper Exporting Countries (Cipec).

The basic idea is to help the exporting country benefit from trading profits while being able to operate in a more flexible manner, and to have greater influence in the markets.

## Rehabilitating Ghana's cocoa industry

**Peter Blackburn** explains why, despite efforts, this year's crop may fall short

COCOA SMUGGLING by Ghanaian farmers across the border into the Ivory Coast and Togo has greatly declined since last October's 90 per cent devaluation of the Cedi, Dr Kwesi Botchwey, Ghana's Finance Minister, says.

It is estimated that nearly 20 per cent of the cocoa crop was formerly smuggled out for payment in convertible CFA francs. Another attraction is the greater availability of consumer items in the Ivory Coast and Togo.

The flow of smuggled cocoa had been greatly reduced already, however, by the closure of Ghana's land borders, mainly for internal security reasons, in September 1982.

"Cocoa is still being carried across the border but by the headload rather than by the lorryload," observers in Accra said.

"The main reason for smuggling is the shortage of commodities rather than low producer-prices," Dr Botchwey says. Producer-prices were raised 65 per cent to C20,000 a tonne from C12,000 a tonne last year.

A cocoa price review committee recently started discussing a further increase which would at least compensate for the 14 per cent devaluation announced in the 1984 budget on March 27.

In spite of last year's increase cocoa producer prices remain unattractive compared with those for food crops: 200 kg of maize sells for as much as a tonne of cocoa.

Apart from making smuggling less attractive, devaluation has dramatically improved the balance-sheet of the Ghana Cocoa Marketing Board.

With cocoa hard-currency export earnings now yielding more than 12 times as many cedis as this time last year, the board's C2bn $60m, £42m) loss has been turned into a substantial profit.

According to budget projections cocoa export earnings will amount to $363.7m this year, an increase of 36 per cent on last year. This is due to higher prices outweighing lower tonnages.

Purchases for the 1983-84 main crop are expected to total about 152,000 tonnes, according to industry estimates. The mid-crop is expected to yield another 5,000 tonnes.

This is considerably higher than initial forecasts of 125,000 tonnes only, influenced by reports of severe drought, damage by last year's bush-fires and transport problems.

The 1983-84 cocoa crop, however, is still expected to be 11 per cent down on the previous year.

Shortages of fuel and road-worthy vehicles have hindered the evacuation of cocoa but the season is also several weeks late because of drought, industry sources say.

Ghanaian cocoa output has declined spectacularly from the peak 557,000 tonnes in 1964-65 when the country accounted for more than a third of world production. That share has now dropped to less than 12 per cent because of years of neglect and uneconomic producer-prices.

Major efforts are being made to rehabilitate the cocoa industry. It is still the country's main export-earner with 57 per cent of the projected $641m export earnings this year.

The world bank is lending nearly $24m for cocoa replanting, insect spraying, storage and transport improvement. About 150,000 hectares of the 300,000 hectares damaged by bush-fires last year are due to be replanted, according to Harry Dodoo, the board's executive chief.

The Stabex scheme of the European Economic Community has provided $51m to compensate for losses in Ghanaian cocoa export earnings in 1981 and 1982. About 80 per cent of the aid is being used to provide essential inputs for the board and the rest for indirect support.

The African Development Fund recently approved a $30m loan to rehabilitate transport and agriculture. Much of the aid will be used to buy spare parts, tyres and batteries for the fleet of lorries used to evacuate cocoa to the coast.

Efforts are also being made to restructure the cocoa industry and redeploy some of the board's 104,000 workforce. Finding alternative and productive employment, however, is difficult, especially as drought-induced power-cuts have reduced manufacturing activity to about 10 per cent of capacity.

Some observers believe the cocoa industry to be beyond repair. They say Ghanaian cocoa farms are mostly smallholdings of less than 10 hectares, managed by ageing farmers whose sons have migrated to the cities or emigrated.

Those staying on the land have switched to food crops. These are more remunerative and give a much faster rate of return. Maize can be harvested within a year of planting whereas cocoa trees take at least five years to mature.

Since immigrant labour was banned several years ago plantation—workers have been scarce and expensive. This has hindered development of larger industrial plantations.

Efforts are also being made to co-operate with other cocoa-producers in adopting a joint stance in negotiations for a new International Cocoa Agreement, due to open in Geneva on May 7. Mr Denis Bra Kanon, the Ivory Coast's Agriculture Minister, visited Accra last month to discuss tactics.

## Jamaica to close three sugar-mills

By Canute James in Kingston

THE Jamaican Government is closing three of six sugar-mills it owns when this harvest ends. The state-owned National Sugar Co said closures resulted from continuing losses by the mills. The three have accumulated loss- of $24m (£17m), the company reported.

The closures will leave 1,700 without jobs. Jamaica's sugar industry is carrying accumulated losses of $140m. Industry sources in Kingston say the decision suggested the Government had failed to sell or lease the mills to private operators.

The closures will make unlikely any significant improvement in Jamaica's sugar production. This has fallen in the past 15 years from 450,000 tonnes a year to just under 200,000 tonnes last year.

COFFEE being harvested in Brazil is forecast at 25.7m bags (60 kilos each) in West German trader Bernhard Rothfos's market report. The figure is significantly less than recent forecasts of 27.1m bags by Sr Octavio Rainho, president of the Brazilian Coffee Institute, and of 30m bags by the U.S. Department of Agriculture. On the London futures market, July delivery coffee ended the day £28.50 up at £2,039 a tonne.

TEA prices were boosted by good demand at yesterday's weekly London auction. Quality grade advanced 8p to 290p a kilo. Medium grade was up 2p at 250p. Low medium grade gained 4p to 224p.

COTTON from Pakistan's 1983-84 season crop was estimated at 2.95m bales, down from a 5.2m bale target and 1982-83 production of 4.84m bales, according to the country's Agriculture Minister.

MAIZE importers in Taiwan have set an import target of 2.64m tonnes this year, down from the record 3.52m last year, their joint committee said, due to a switch to domestic suppliers.

## Bank of America says prices likely to rise by 4%

WORLD COMMODITY prices are expected to rise by an annual average of 4 per cent in 1984-85, following an 8 per cent increase last year, says the Bank of America.

In its quarterly report on commodity prices it says that this year industrial commodity prices will rise by an average of 7 per cent. Overall commodity prices will rise by 1 per cent only. A 2 per cent decline in agricultural commodity prices, however, means more rapid commodity price growth is expected for next year.

Mr Sheldon Engler, an economist with the bank's commodity analysis section, said: "After a lull in the second half of last year industrial commodity prices have started moving upward again. Prices should continue to strengthen as the world economic recovery leads to increased demand for industrial raw materials."

Specifically the report says:

● Copper prices will surpass 80 cents a pound this year as demand improves and inventories are depleted. Overcapacity will continue to plague the world copper industry.

● Aluminium demand will remain strong but price increases will be slowed by quickly-expanding production and capacity. Prices are forecast to average 75 cents a pound this year.

● Wood pulp list-prices will be raised as paper demand continues its resurgence. Production cuts because of labour problems at British Columbia pulp- and paper-mills have provided additional support for price rises.

● Lumber prices will respond positively to the strength of U.S. housing starts but the rate of increase will decelerate as higher interest rates begin to reduce the pace of residential construction this year.

● World energy demand will rise slowly in 1984-85, resulting in little change from present levels for oil, gas and coal prices.

Higher prices for agricultural commodities last year stimulated increased plantings this year. The report says the resulting abundant supplies will depress next year's prices in spite of improvements in consumption.

Agricultural commodity prices for next year are forecast to move upward again.

### Britons reduce meat eating

ONE IN THREE Britons have reduced their consumption of meat and there is a definite shift towards a vegetarian diet, it was claimed in a Gallup survey conducted for Realeat, a health food company.

The conscious avoidance of meat has increased by about 60 per cent in the last year,

### Platinum coin sales rise

By Our Commodities Editor

SALES OF the pltaium Noble coin, launched last November, have topped 50,000, worth about £15m says Ayron Metals, the London dealers spearheading the sales promotion campaign on behalf of Impala Platinum of South Africa, its parent company.

Mr Brian Nathan, Ayrton Metals managing director, said sales were encouraging bearing in mind the quiet state of bullion markets.

Demand for the Noble coin, the platinum equivalent of the 1oz gold krugerrand, is concentrated on the Continent. There has been increased activity in the UK, however,

## PRICE CHANGES

## BRITISH COMMODITY PRICES

### BASE METALS

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper opened around £1,093 and rose strongly to touch £1,102 following the sharp fall in warehouse stocks and the weakness of sterling against the dollar. Profit-taking pared gains in the afternoon, however, and forward metal drifted back to close the late kerb at £1,086.25. Trade selling depressed Lead to a low of £336 before a closing level of £338 while Zinc dipped to £684.5 on lack of interest. Aluminium gave ground owing to Commission House selling and closed at £955.5. Tin remained a firm market with buffer stock support prompting a close of £8,767.5.

### COPPER

### TIN

### LEAD

### ZINC

### ALUMINIUM

### NICKEL

### SILVER

### COCOA

### COFFEE

### GRAINS

### SUGAR

### PIGMEAT

### POTATOES

### RUBBER

### SOYABEAN MEAL

### WOOL FUTURES

### COTTON

### JUTE

### TEA AUCTIONS

### MEAT/FISH

### INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

### LONDON OIL

The gas oil market began the day a shade weaker and moved higher during the morning, supported by trade buying in the spot April contract. During the afternoon prices stayed in a fairly narrow range near the highs until the close, when new highs were made, reports Premier Man.

### SPOT PRICES

### GAS OIL FUTURES

### CRUDE OIL FUTURES

### GOLD MARKETS

Gold rose just $1/4 an ounce from Friday's close in the London bullion market yesterday to finish at $380 1/4-380 3/4. The metal opened at $379 3/4-380 and traded between a low of $379-379 1/2 and a high of $380 1/4-380 3/4. Trading was generally quiet and featureless.

In Frankfurt the 12 1/2-kilo bar was fixed at DM 32,290 per kilo ($381.00 per ounce) against DM 32,095 ($381.51) previously and closed at $379 3/4-380 from $379-379 1/2.

In Luxembourg the dollar per ounce equivalent of the 12 1/2-kilo bar at the fixing was $379.50 from $380.30.

In Zurich gold finished at $379 1/2-380 from $379 1/2-379 3/4.

In Paris the 12 1/2-kilo bar was fixed at FFr 99,100 per kilo ($379.87 per ounce) in the afternoon compared with FFr 99,000 ($379.75) in the morning and FFr 98,100 ($378.30) on Friday afternoon.

### LONDON FUTURES

| | Apr. 16 | | Apr. 13 | |
|---|---|---|---|---|
| Gold Bullion (fine ounce) | | | | |
| Close | $380 1/4-380 3/4 | [illegible] | $379 3/4-380 1/4 | [illegible] |
| Opening | $379 3/4-380 | [illegible] | $379 1/2-380 | [illegible] |
| Morning fixing | $380.00 | [illegible] | $379.75 | [illegible] |
| Afternoon fixing | $380.10 | [illegible] | $379.25 | [illegible] |

| Gold and Platinum Coins Apr. 16 | | | | |
|---|---|---|---|---|
| Krugrnd | [illegible] | [illegible] | King Sov | [illegible] |
| 1/2 Krug. | [illegible] | [illegible] | Victoria Sov | [illegible] |
| 1/4 Krug. | [illegible] | [illegible] | French 20s | [illegible] |
| 1/10 Krug. | [illegible] | [illegible] | 50 Pesos Mex | [illegible] |
| Mapleleaf | [illegible] | [illegible] | 100 Cor.Aust | [illegible] |
| New Sov. | [illegible] | [illegible] | $20 Eagle | [illegible] |
| 1/2 New Sov. | [illegible] | [illegible] | Noble Plat. | [illegible] |

### EUROPEAN MARKETS

ROTTERDAM, April 16.

PARIS, April 16.

## U.S. prepares for maize gluten fight

BY NANCY DUNNE IN WASHINGTON

**Until April 30, when the U.S. changes to summer time, this edition will not carry yesterday's market prices.**

THE Reagan Administration won a victory recently when senior officials of the principal farming nations agreed on the need for new rules under the General Agreement on Tariffs and Trade to be applied to agricultural trade.

Yet from the jaws of victory defeat also seemed in sight. Ignoring all threats of retaliation the Council of Agricultural Ministers of the European Economic Community formally asked for negotiations under Gatt to restrict imports of maize gluten feed.

A cap on maize gluten feed strikes at the U.S.'s sole expanding agricultural market in the Community. The volume of all U.S farm exports to the EEC dropped last year, with the exception of protein meals. The U.S. remains determined to protect that market.

The EEC decision to go to Geneva on maize gluten is part of the larger agreement to hold down the costs of the Common Agricultural Policy.

The Community believes the import of non-grain feed ingredients exacerbates the grain surplus problem and contributes to the tremendous increase in cow productivity and milk production.

The U.S., for its part, has consistently complained that the proposed maize gluten freeze is an attempt to make the U.S. help finance the problems the EEC brought on itself by its relentless increase of price supports.

The Community buys 95 per cent of all U.S. maize gluten. No other customer seems likely to take its place.

The U.S. case is made in an unpublished report prepared by U.S. officials at The Hague. The Netherlands is the leading consumer of U.S. non-grain feed ingredients. While the report cautions that its findings ought not to be extrapolated for the entire Community, the analysis draws several conclusions:

● Maize gluten is not a grain substitute. In the Netherlands its use is primarily in dairy rations, traditionally a low-grain feed, and it is competitive with protein meals and beet pulp.

● Restrictions on maize gluten feed would have little impact on EEC grain use. Instead, restrictions would more likely result in the import of other non-feed grain ingredients like copra, rapeseed and palm kernel meals.

● The current conflict is not simply a bilateral dispute if the EEC wants to restrict all non-feed grain ingredients. While the U.S. is the main supplier of these products, there are others, too. Almost half of the citrus pulp comes from Brazil. Most of the manioc is exported from Thailand.

● Drastic changes in the price relationship between non-feed grain ingredients and Community grains would have to occur before grains were used in significant quantities in cattle feed. Given high EEC grain supports it is unlikely the required price changes would occur.

The report says: "The EEC has erroneously lumped all of these non-grain feed ingredients into one category and labelled them as 'grain substitutes.' This ignores the fact that these products have different nutritional attributes and therefore perform very different functions in feed rations."

It concludes: "It is clear that the Community is embarking on a course that risks serious trade consequences for very dubious economic benefits."

It is the main users of maize gluten—The Netherlands, Germany and the UK—which have been the least enthusiastic about the proposal to limit its import.

It is the French, the U.S. believes, who have pressed for the proposal, partly to show that after taking action against the U.S. the EEC can no longer be blamed for limiting the importing of manioc from Thailand.

Thus it is that French wine exports to the U.S., worth more than $600m (£420m), like maize gluten exports to the EEC will head and perhaps complete the list of products targeted by the U.S. for retaliation.

## Threat to cereal growers

BY RICHARD MOONEY

CEREAL GROWERS could soon come under increasing threat from cost-cutting by the European Economic Community, according to a senior EEC official. "We mean to get cereals prices down," said Mr. Peter Pooley, the European Commission's deputy director-general for agriculture.

Speaking at the United Agricultural Merchants Arable Conference in Wellingborough, Northants, he held up as an example the "terrible fate of the milk producers." Many of them may be driven out of business because of a new EEC production quota system aimed at cutting excess production.

Mr Pooley said EEC Ministers of Agriculture had finally acknowledged and set down in bold print that the Community could no longer support indefinitely the production of surpluses which could not be sold, or could not even be disposed of except at disproportionate cost. This was no longer just a vague threat but an achieved and settled common policy, he said.

"We mean to get cereals prices down, to adjust the balance between corn and horn [grain-growing and livestock production], and to do it in a big way, and soon," he said.

The Commission also meant to limit the threat from imports of cereals substitutes.

Mr Pooley said, however, that the best protection against substitutes was to make them unattractive and unnecessary by ensuring that the cost of cereals was competitive.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar firm in quiet trading

The dollar was firmer in quiet foreign exchange trading, continuing Friday's trend in New York on Friday, when short covering followed a large buying order for dollars from a major U.S. oil company. Economic fundamentals are not expected to give the U.S. currency any great boost this week however, but the market may be reluctant to run short positions because of expensive carrying costs over the long Easter weekend.

First quarter U.S. gross national product figures for release Thursday are expected to be below the recent flash estimate of 7.2 per cent growth, and today's figures on U.S. housing starts is also likely to show some slowdown in the fast pace of economic growth at the beginning of the year.

The dollar traded around the top of its recent trading range, and advanced to DM 2.6375 from DM 2.6225 against the D-mark; FFr 8.1175 from FFr 8.07 against the French franc; SwFr 2.1865 from SwFr 2.1735 in terms of the Swiss franc; and Y225.40 from Y224.5 against the Japanese yen.

STERLING — Trading range against the dollar in 1984 is 1.4940 to 1.3955. March average 1.4564. Trade-weighted index 79.8, compared with 79.9 at noon, 79.8 in the morning, 79.9 at Friday's close, and 83.6 six months ago.

Sterling was only slightly weaker, despite fears of an escalation of the miners' strike, and traded within a narrow range of $1.4200 to $1.4265. The pound opened at $1.4245-1.4255, and closed at $1.4205-1.4215, a fall of 90 points on the day. It also declined to DM 3.75 from DM 3.7525; FFr 11.5350 from FFr 11.54; and Y320.50 from Y321, but was unchanged at SwFr 3.11.

D-MARK — Trading range against the dollar in 1984 is 2.8425 to 2.5535. March average 2.5987. Trade weighted index 126.9 against 126.8 six months ago.

The dollar was fixed at DM 2.6352 at yesterday's fixing in Frankfurt, up from DM 2.6173 on Friday and there was no intervention by the Bundesbank. Moving above the recent DM 2.6350 resistance level was seen as a significant point by the market with some U.S. economic indicators last week giving added weight to the view held by some that U.S. interest rates were likely to remain firm.

Elsewhere sterling rose to DM 3.7530 from DM 3.7470 and the Swiss franc was higher at DM 1.2059, compared with DM 1.2046. Within the EMS the Belgian franc improved to DM 4.8910 per BFr 100 from DM 4.8870 and the French franc was higher at DM 32.49 from DM 32.485 per FFr 100. The Dutch guilder was slightly easier however at DM 88.61 per Fl 100 from DM 88.63. The Italian lira showed a small improvement to DM 1.6150 per L1,000 from DM 1.6140 as did the Danish krone to DM 27.225 per DKr 100 from DM 27.22.

ITALIAN LIRA — Trading range against the dollar in 1984 is 1,720.75 to 1,591.0. March average 1,613.68. Trade weighted index 48.8, against 49.8 six months ago.

The lira lost ground against the dollar at yesterday's fixing in Frankfurt. The dollar was fixed at L1,631.25 up from L1,622.25. The D-mark was easier at L618.88 from L619.89 as was the French franc at L201.07, compared with L201.31. Elsewhere sterling rose to L2,324.25 from L2,320.0, while the Swiss franc eased to L745.88 from L745.98.

### EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU April 16 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.9008 | 45.6275 | +1.62 | +1.54 | ±1.5447 |
| Danish Krone | 8.14104 | 8.19326 | +0.64 | +0.56 | ±1.6425 |
| German D-Mark | 2.24184 | 2.23152 | −0.48 | −0.54 | ±1.0642 |
| French Franc | 6.87456 | 6.87027 | −0.06 | −0.14 | ±1.4052 |
| Dutch Guilder | 2.52595 | 2.51839 | −0.30 | −0.38 | ±1.4964 |
| Irish Punt | 0.72569 | 0.728359 | +0.37 | +0.29 | ±1.6699 |
| Italian Lira | 1403.49 | 1380.57 | −1.63 | −1.63 | ±4.1505 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

### £ in New York (latest)

| | April 16 | Prev. close |
|---|---|---|
| Spot | $1.4215-4225 | $1.4240-4250 |
| 1 month | 0.24-0.27 dis | 0.24-0.25 dis |
| 3 months | 0.75-0.79 dis | 0.71-0.73 dis |
| 12 months | 3.25-3.35 dis | 3.06-3.12 dis |

£ forward rates are quoted in U.S. cents discount.

### THE POUND SPOT AND FORWARD

| April 16 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.4200-1.4265 | 1.4205-1.4215 | 0.22-0.27c dis | −2.07 | 0.75-0.80dis | −2.18 |
| Canada | 1.8175-1.8285 | 1.8185-1.8195 | 0.25-0.35c dis | −1.98 | 0.87-0.97dis | −2.02 |
| Nethlnd. | 4.22-4.25 | 4.22¾-4.23¾ | 1¾-¾c pm | 2.48 | 3-2½ pm | 2.60 |
| Belgium | 76.40-76.90 | 76.55-76.65 | 13-23c dis | −2.82 | 45-55 dis | −2.61 |
| Denmark | 13.75-13.81 | 13.75-13.76 | 2½-3ore dis | −2.24 | 5½-6½ dis | −1.74 |
| Ireland | 1.2210-1.2290 | 1.2220-1.2230 | 0.36-0.42p dis | −3.78 | 1.08-1.22dis | −3.76 |
| W. Ger. | 3.74-3.76½ | 3.74½-3.75½ | 1¾-1¼pf pm | 3.20 | 3½-2¾ pm | 3.07 |
| Portugal | 189.50-191.50 | 190.25-190.75 | 135-340c dis | −14.95 | 450-1050dis | −15.70 |
| Spain | 212.75-214.00 | 213.00-213.20 | 98-118c dis | −6.08 | 405-460dis | −7.73 |
| Italy | 2316-2326 | 2317-2319 | 13-14lire dis | −6.73 | 40½-42½dis | −7.16 |
| Norway | 10.76-10.81 | 10.77-10.78 | 3½-4½ore dis | −4.40 | 11½-12½dis | −4.41 |
| France | 11.52½-11.56½ | 11.53-11.54 | 2¾-4¾c dis | −3.90 | 12-14 dis | −4.51 |
| Sweden | 11.11-11.16 | 11.11½-11.12½ | 1½-2½ore dis | −1.98 | 2.35-5¾ dis | −1.23 |
| Japan | 319½-322 | 320-321 | 1½-1y pm | 1.87 | 2½-1¾ pm | 2.50 |
| Austria | 26.30-26.50 | 26.35-26.40 | 8½-6½gro pm | 3.41 | 25½-20½ pm | 3.18 |
| Switz. | 3.10-3.12½ | 3.10½-3.11½ | 1¾-1½c pm | 6.37 | 4¾-3¾ pm | 5.14 |

Belgian rate is for convertible francs. Financial franc 78.45-78.50. Six-month forward dollar 1.55-1.60c dis. 12-month 3.23-3.33.

### THE DOLLAR SPOT AND FORWARD

| April 16 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.4200-1.4265 | 1.4205-1.4215 | 0.23-0.26c dis | −2.07 | 0.72-0.77dis | −2.11 |
| Ireland† | 1.1610-1.1640 | 1.1633-1.1640 | 0.18-0.14c pm | 1.65 | 0.51-0.43pm | 1.62 |
| Canada | 1.2802-1.2808 | 1.2803-1.2808 | 0.07-0.04c pm | 0.51 | 0.05-0.02pm | 0.23 |
| Nethlnd | 2.9723-2.9770 | 2.9750-2.9770 | 1.17-1.12c pm | 4.61 | 3.53-3.48pm | 4.72 |
| Belgium | 53.87-53.93 | 53.88-53.90 | 2-4c dis | −0.67 | 5-9 dis | −0.57 |
| Denmark | 9.6700-9.6850 | 9.6800-9.6850 | 25ore pm-25 dis | — | 2.25-1.74pm | 0.83 |
| W. Ger | 2.6310-2.6400 | 2.6370-2.6380 | 1.15-1.10pf pm | 5.12 | 3.43-3.37pm | 5.15 |
| Portugal | 133.80-134.35 | 133.95-134.35 | 70-215c dis | −12.75 | 250-650dis | −13.42 |
| Spain | 150.00-150.15 | 150.00-150.10 | 40-55c dis | −3.80 | 200-230dis | −5.73 |
| Italy | 1630½-1632½ | 1631-1632 | 6½-7lire dis | −4.97 | 20½-21 dis | −5.06 |
| Norway | 7.5840-7.5850 | 7.5800-7.5850 | 1.45-1.95ore dis | −2.69 | 4.45-4¾ dis | −2.24 |
| France | 8.1025-8.1250 | 8.1150-8.1200 | 1.35-1.50c dis | −2.10 | 4.10-4.70dis | −2.19 |
| Sweden | 7.8225-7.8300 | 7.8250-7.8300 | .15orepm-.35dis | −0.15 | .45pm-.05dis | 0.10 |
| Japan | 224.85-226.00 | 225.35-225.45 | 0.88-0.84y pm | 4.58 | 2.61-2.58pm | 4.64 |
| Austria | 18.53½-18.56 | 18.54-18.56 | 7.00-6.50gro pm | 4.36 | 21-19gro pm | 4.31 |
| Switz | 2.1815-2.1905 | 2.1860-2.1870 | 1.36-1.32c pm | 7.35 | 3.98-3.92 pm | 7.20 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 55.25-55.35.

### OTHER CURRENCIES

| Apr. 16 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 49.61-49.69 | 34.95-34.98 | Austria | 26.50-26.80 |
| Australia Dollar | 1.5480-1.5510 | 1.0895-1.0900 | Belgium | 78.40-78.90 |
| Brazil Cruzeiro | 1,975.7-1,987.2 | 1,392.1-1,398 | Denmark | 13.74-13.87 |
| Finland Markka | 7.9965-8.0280 | 5.6350-5.6370 | France | 11.58-11.63 |
| Greek Drachma | 148.10-149.10 | 104.30-104.50 | Germany | 3.74-3.78 |
| Hong Kong Dollar | 11.106-11.117 | 7.8080-7.8090 | Italy | 2300-2340 |
| Iran Rial | 124.20* | 86.90* | Japan | 318-323 |
| Kuwait Dinar (KD) | 0.4165-0.4190 | 0.29425-0.29435 | Netherlands | 4.26-4.29 |
| Luxembourg Fr | 76.55-76.65 | 53.88-53.90 | Norway | 10.75-10.87 |
| Malaysia Dollar | 3.2560-3.2610 | 2.2890-2.2905 | Portugal | 187-193 |
| New Zealand Dlr | 2.1580-2.1680 | 1.5175-1.5195 | Spain | 206¼-216¼ |
| Saudi Arab. Riyal | 5.0055-5.0110 | 3.5190-3.5200 | Sweden | 11.10-11.20 |
| Singapore Dollar | 2.9855-2.9705 | 2.0845-2.0865 | Switzerland | 3.10-3.15 |
| Sth African Rand | 1.7685-1.7730 | 1.2450-1.2460 | United States | 1.41¼-1.43¼ |
| U.A.E. Dirham | 5.2230-5.2285 | 3.6720-3.6750 | Yugoslavia | 171-193 |

* Selling rates.

### CURRENCY MOVEMENTS

| Apr. 16 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 79.8 | −11.3 |
| U.S. dollar | 137.6 | +16.6 |
| Canadian dollar | 88.7 | −2.6 |
| Austrian schilling | 117.0 | +4.2 |
| Belgian franc | 90.4 | −10.9 |
| Danish kroner | 79.0 | −5.8 |
| Deutsche mark | 126.9 | +8.7 |
| Swiss franc | 148.0 | +11.2 |
| Guilder | 115.8 | +5.0 |
| French franc | 68.9 | −14.8 |
| Lira | 48.8 | −12.5 |
| Yen | 159.7 | +15.6 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

### CURRENCY RATES

| April 16 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.740983 | 0.595153 |
| U.S. $ | 9 | 1.05094 | 0.851380 |
| Canadian $ | 11.16 | 1.35014 | 1.09781 |
| Austria Sch | 4¼ | 19.5478 | 15.6759 |
| Belgian Fr | 11 | 55.9080 | 45.6425 |
| Danish Kr | 7 | 10.2036 | 8.19879 |
| D'mark | 4 | 2.77560 | 2.23062 |
| Guilder | 5 | 3.13243 | 2.51755 |
| French Fr | 9½ | 8.55701 | 6.86851 |
| Lira | 16 | 1721.11 | 1380.94 |
| Yen | 5 | 237.544 | 191.050 |
| Norwgn Kr | 8 | 8.00744 | 6.43090 |
| Spanish Pta | — | 158.185 | 126.941 |
| Swedish Kr | 8½ | 8.25411 | 6.63140 |
| Swiss Fr | 4 | 2.30408 | 1.85107 |
| Greek Dr'ch | 20½ | 110.259 | 88.6202 |

*CS/SDR rate for April 12: 1.35749.

### EXCHANGE CROSS RATES

| Apr. 13 | Pound St'rling | U.S. Dollar | Deutsche m'k | Japanese Yen | French Franc | Swiss Franc | Dutch Guild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 1.421 | 3.750 | 320.5 | 11.54 | 3.110 | 4.230 | 2318. | 1.819 | 76.60 |
| U.S. Dollar | 0.704 | 1. | 2.639 | 225.5 | 8.118 | 2.189 | 2.977 | 1631. | 1.280 | 53.91 |
| Deutschemark | 0.267 | 0.379 | 1. | 85.47 | 3.076 | 0.829 | 1.128 | 618.1 | 0.485 | 20.43 |
| Japanese Yen 1,000 | 3.120 | 4.434 | 11.70 | 1000. | 35.99 | 9.704 | 13.20 | 7232. | 5.676 | 239.0 |
| French Franc 10 | 0.867 | 1.232 | 3.251 | 277.9 | 10. | 2.696 | 3.667 | 2010. | 1.577 | 66.41 |
| Swiss Franc | 0.322 | 0.457 | 1.206 | 103.1 | 3.709 | 1. | 1.360 | 745.5 | 0.585 | 24.63 |
| Dutch Guilder | 0.236 | 0.336 | 0.887 | 75.77 | 2.727 | 0.735 | 1. | 548.0 | 0.430 | 18.11 |
| Italian Lira 1,000 | 0.431 | 0.613 | 1.618 | 138.3 | 4.976 | 1.342 | 1.825 | 1000. | 0.785 | 33.05 |
| Canadian Dollar | 0.550 | 0.781 | 2.062 | 176.2 | 6.341 | 1.710 | 2.325 | 1274. | 1. | 42.11 |
| Belgian Franc 100 | 1.305 | 1.855 | 4.896 | 418.4 | 15.06 | 4.060 | 5.522 | 3026. | 2.375 | 100. |

### EURO-CURRENCY INTEREST RATES (Market closing rates)

| Apr. 16 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | D-mark | French Franc | Italian Lira | Belgian Franc Conv. | Belgian Franc Fin. | Yen | Danish Kroner |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Short term | 8½-8⅝ | 10⅜-10⅝ | 10-10⅜ | 5¾-5⅞ | 1¾-1⅞ | 5½-5⅝ | 12-12¼ | 15-16 | 11½-12¼ | 11½-12½ | 5⅛-5¼ | 12½-12 |
| 7 days' notice | 8½-8⅝ | 10⅛-10⅜ | 10-10⅜ | 5⅝-5⅞ | 1⅞-2 | 5⅝-5⅝ | 12¼-12½ | 15¼-16¼ | 11-12 | 11-12 | 5¼-5⅜ | 12-12½ |
| Month | 8⅝-8¾ | 10⅛-10⅜ | 10-10⅜ | 5⅞-6 | 3¼-3⅜ | 5⅜-5½ | 12⅜-12⅝ | 15⅝-15⅞ | 11¼-11¾ | 11¼-11¾ | 5¼-5⅜ | 11⅛-11⅝ |
| Three months | 8⅞-8⅞ | 10⅞-11⅛ | 10⅞-10⅞ | 6-6⅛ | 3½-3⅝ | 5¾-5⅞ | 13¼-13½ | 15⅞-16⅛ | 11¼-11¾ | 11½-11¾ | 5⅜-5⅝ | 11-10½ |
| Six months | 9⅛-9⅜ | 11⅛-11⅜ | 10⅞-11⅛ | 6⅛-6¼ | 3¾-3⅞ | 5⅜-5⅞ | 14¼-14½ | 16⅝-17 | 11½-12 | 11½-12 | 5⅝-5⅞ | 11¼-11½ |
| One year | 9⅜-9⅝ | 11⅝-11⅞ | 11⅛-11⅝ | 6⅜-6⅞ | 4⅛-4¼ | 6⅛-6¼ | 15⅛-15⅜ | 17¼-17¾ | 12-12½ | 12-12½ | 6¼-6⅜ | 11⅞-11¾ |

Asian $ (closing rates in Singapore): Short-term 10½-10⅝ per cent; seven days 10⅝-10⅞ per cent; one month 10⅞-10⅞ per cent; three months 10⅞-11⅛ per cent; six-months 11⅛-11⅜ per cent; one year 11½-11⅞ per cent. Long-term Eurodollars two years 12⅛-12⅝ per cent; three years 12⅛-12⅝ per cent; four years 12⅞-12⅞ per cent; five years 12⅞-13⅛ per cent nominal closing rates. Short-term rates are call for U.S. banks and Japanese yen; two days' notice.

## MONEY MARKETS

# Firmer tone in London

Interest rates had a slightly firmer tone on the London money market yesterday, but movements were relatively small, encouraged by the steady performance of sterling on the foreign exchanges. Nervousness in the market centred around the National Union of Mineworkers' strike, and the possibility of a confrontation between the trades unions and the Government. The weakness of the U.S. bond market on Friday also created a depressed undertone, but rates were little changed overall, with three-month interbank steady at 8¾ per cent, while the discount houses buying rates for three-month bank bills remained at 8$\frac{15}{32}$ per cent.

**UK clearing banks' base lending rate 8½-8¾ per cent (since March 15 and 16)**

The Bank of England provided help of £661m to the money market on an estimated shortage of £600m. This included £225m bills purchased for resale on May 15 at a rate of 8½ per cent. Another £386m bills were bought outright, mainly during the morning, and late assistance of £50m was also provided.

Following the forecast of a very large shortage the authorities offered an early round of assistance, and at that time bought £156m bills outright by way of £1m bank bills in band 2 (15-33 days maturity) at 8½ per cent; £10m bank bills in band 3 (34-63 days) at 8$\frac{7}{16}$ per cent; and £145m bank bills in band 4 (64-91 days) at 8⅜ per cent. Another £173m bills were purchased outright before lunch, through £35m Treasury bills in band 2 at 8½ per cent; £7m bank bills in band 2 at 8½ per cent; £38m bank bills in band 3 at 8$\frac{7}{16}$ per cent; £2m Treasury bills in band 4 at 8⅜ per cent; and £91m bank bills in band 4 at 8⅜ per cent.

In the afternoon £57m bills were bought outright by way of £4m bank bills in band 2 at 8½ per cent; £3m bills in band 3 at 8$\frac{7}{16}$ per cent; and £50m bank bills in band 4 at 8⅜ per cent.

The major factor against the market was bills maturing in the hands of the authorities, repayment of late assistance, and a take-up of Treasury bills from Friday's tender amounting to £691m. Exchequer transactions drained another £210m, but these were partly offset by a fall in the note circulation adding £250m to liquidity, and bank balances above target of £40m.

### MONEY RATES

| Apr. 16 | Frankfurt | Paris | Zurich | Amst'dam | Tokyo | Milan | Brussels | Dublin |
|---|---|---|---|---|---|---|---|---|
| Overnight | 5.50-5.55 | 11¾ | 1½-2½ | 5⅝-5⅞ | 5.78125 | 16⅞-17¼ | 10.15 | 12-12½ |
| One month | 5.6-5.7 | 12$\frac{3}{16}$-12$\frac{7}{16}$ | 3¼-3⅜ | 5¾-5⅞ | 6.15625 | 16⅞-17¼ | 11⅛-11⅜ | 12⅞-13⅛ |
| Two months | 5.65-5.80 | 12$\frac{7}{16}$-12$\frac{9}{16}$ | — | — | — | — | — | 12⅞-13⅛ |
| Three months | 5.70-5.85 | 12½-12⅝ | 3½-3⅝ | 5$\frac{13}{16}$-6$\frac{1}{16}$ | 6.28125 | 17-17¼ | 11⅛-11⅜ | 12⅞-13⅛ |
| Six months | 5.80-5.95 | 12⅝-12¾ | — | 6-6$\frac{1}{16}$ | — | — | 11⅜-11⅝ | 12⅞-13⅛ |
| Lombard | 5.5 | — | — | — | — | — | — | — |
| Intervention | — | 12 | — | 5⅞ | — | — | — | — |

### LONDON MONEY RATES

| Apr. 13 1984 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Company Deposits | Market Deposits | Treasury (Buy) | Treasury (Sell) | Eligible Bank (Buy) | Eligible Bank (Sell) | Fine Trade (Buy) |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 3-8$\frac{11}{16}$ | 8⅝ | 8⅝-8¾ | 6-8½ | — | — | — | — | — |
| 2 days notice | — | — | 8½-8⅝ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 day notice | — | 8½-8⅝ | 8⅝ | 8⅝-8¾ | 8½-8⅝ | — | — | — | — | — |
| One month | 8$\frac{9}{16}$-8⅝ | 8⅝-8$\frac{11}{16}$ | 8⅝ | 8¾-8⅞ | 8½-8⅝ | 8$\frac{7}{32}$ | 8$\frac{9}{32}$ | 8$\frac{7}{16}$ | 8$\frac{11}{32}$ | 9 |
| Two months | 8¾-8$\frac{13}{16}$ | 8$\frac{11}{16}$-8$\frac{13}{16}$ | 8$\frac{11}{16}$ | 8¾-8⅞ | 8½-8⅝ | 8$\frac{5}{16}$ | 8$\frac{7}{16}$ | 8$\frac{5}{16}$-8$\frac{9}{32}$ | 8⅜ | 9 |
| Three months | 8⅞-8$\frac{15}{16}$ | 8$\frac{13}{16}$-8$\frac{15}{16}$ | 8⅞ | 8⅞-9 | 8½-8⅝ | 8$\frac{11}{32}$ | 8⅝ | 8$\frac{7}{16}$-8$\frac{13}{32}$ | 8½ | 9 |
| Six months | 9$\frac{1}{16}$-9 | 9$\frac{1}{16}$-9$\frac{3}{16}$ | 9⅛ | 9⅛ | — | — | — | 8⅜ | — | — |
| Nine months | 9¼-9⅛ | 9$\frac{3}{16}$-9$\frac{5}{16}$ | 9$\frac{5}{16}$ | 9$\frac{5}{16}$ | — | — | — | — | — | — |
| One year | 9$\frac{5}{16}$-9$\frac{7}{16}$ | 9$\frac{7}{16}$-9$\frac{9}{16}$ | 9$\frac{7}{16}$ | 9$\frac{7}{16}$ | — | — | — | — | — | — |

Discount Houses Deposit and Bill Rates

| | Local Auth. negotiable bonds | Local Authority Deposits | Finance House Deposits | $ Cert of Deposits | SDR Linked Deposits | ECU Linked Deposits |
|---|---|---|---|---|---|---|
| One month | 9⅛-8⅞ | — | 8$\frac{11}{16}$ | 10.45-10.55 | 8$\frac{13}{16}$-9$\frac{1}{16}$ | 9-9⅛ |
| Two months | 9¼-9 | — | 8$\frac{13}{16}$ | 10.55-10.65 | 9$\frac{1}{16}$-9$\frac{3}{16}$ | 9$\frac{1}{16}$-9¼ |
| Three months | 9¼-9 | — | 8⅞ | 10.65-10.75 | 9$\frac{3}{16}$-9$\frac{5}{16}$ | 9$\frac{5}{16}$-9⅜ |
| Six months | 9¼-9 | — | 9$\frac{3}{16}$ | 10.9-11.0 | 9½-9⅞ | 9⅝-9$\frac{13}{16}$ |
| Nine months | 9⅝-9⅜ | — | 9⅜ | 11.05-11.25 | — | — |
| One year | 9⅝-9⅜ | — | 9$\frac{7}{16}$ | 11.35-11.55 | 9⅞-10¼ | 10-10$\frac{1}{16}$ |
| Two years | — | 10⅛ | — | — | — | — |
| Three years | — | 10⅜ | — | — | — | — |
| Four years | — | 10⅝ | — | — | — | — |
| Five years | — | 10¾ | — | — | — | — |

ECGD Fixed Rate Export Finance Scheme IV. Average Rate of interest period March 7 to April 3 1984 (inclusive: 8.978 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from April 1, 1984. London and Scottish Clearing Bank Rates for lending 5¼-5½ per cent. London Deposit Rate for sums at seven days' notice 5¼-5½ per cent. Treasury Bills: Average tender rates of discount 8.3775 per cent. Certificates of Tax Deposit (Series 6). Deposit of £100,000 and over held under one month 8¾ per cent; one-three months 8¾ per cent; three-six months 9 per cent; six-nine months 9¼ per cent; nine-12 months 9½ per cent. Under £100,000 8½ per cent from April 11. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7 per cent.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 12 |
| Broker loan rate | 11 |
| Fed funds | 10⅞ |
| Fed funds at intervention | — |

**Treasury Bills**

| | |
|---|---|
| One month | 9.35 |
| Two month | 9.56 |
| Three month | 9.75 |
| Six month | 9.92 |
| One year | 10.0 |

**Treasury Bonds**

| | |
|---|---|
| Two year | 98$\frac{23}{32}$ |
| Three year | 97$\frac{15}{16}$ |
| Four year | 99⅛ |
| Five year | 97⅛ |
| Seven year | 99⅛ |
| 10 year | 95⅞ |
| 30 year | 94$\frac{23}{32}$ |

## FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING

11.00 a.m. April 13

3 months U.S. dollars

| | |
|---|---|
| bid 10 7/8 | offer 11 |

6 months U.S. dollars

| | |
|---|---|
| bid 11 1/8 | offer 11 1/4 |

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## FINANCIAL FUTURES

# Quiet trading

Trading was quiet in the London International Financial Futures Exchange yesterday. There was little incentive to take fresh positions in view of current uncertainty surrounding U.S. interest rates and the proximity of the long Easter weekend.

Euro-dollar prices opened lower, influenced by a high Federal funds rate. News of a 0.2 per cent rise in U.S. capacity utilisation in March from February had little effect on trading. On Thursday the authorities are due to release revised first quarter GNP figures and the market expects a downward revision from a 7.2 per cent flash estimate. For the time being, however, these statistics were insufficient to dispel market fears of the Federal authorities adopting a tighter monetary stance

The June price opened at 88.96, down from 89.11 and touched a low of 88.90 before finishing at 88.93.

Gilt prices opened weaker, undermined by a weaker pound and the dollar's firmer trend. A softer trend in the U.S. bond market on Friday also contributed to the bearish sentiment while fears of an escalation in the current miners' dispute added to market unease. However, prices tended to trade within a fairly narrow range after the initial markdown and values were marked up from the day's lows at the finish as the U.S. long bond attracted support at its lower levels.

The June gilt price opened at 107-04, down from 107-17 and touched a low of 106-28 before recovering to close at 107-03.

Short sterling prices were a little weaker, influenced by a slightly firmer trend in the cash market and concern over the miners' industrial action. The June price was marked down from Friday's close of 91.06 to open at 91.00 and touched a low of 90.97 before finishing at 90.99.

### LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 88.93 | 88.98 | 88.90 | 89.11 |
| Sept | 88.48 | 88.53 | 88.47 | 88.66 |
| Dec | 88.08 | 88.12 | 88.08 | 88.25 |
| March | 87.74 | 87.79 | 87.76 | 87.92 |
| June | — | — | — | 87.62 |

Volume: 3,444 (3,630)
Previous day's open int. 13,731 (14,041)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 90.99 | 91.03 | 90.97 | 91.06 |
| Sept | 90.66 | 90.71 | 90.66 | 90.76 |
| Dec | 90.43 | 90.48 | 90.43 | 90.52 |
| March* | — | — | — | 90.28 |
| June | — | — | — | 90.10 |

Volume: 1,047 (992)
Previous day's open int: 8,712 (8,293)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nd of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 107-03 | 107-07 | 106-28 | 107-17 |
| Sept | 106-15 | — | — | 106-29 |
| Dec | 105-27 | — | — | 106-29 |
| March | 105-07 | — | — | 105-21 |
| June | 104-21 | — | — | 105-03 |

Volume: 3,027 (3,570).
Previous day's open int.: 4,440 (4,431).
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 30 to 42 (32nds).

STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4270 | 1.4308 | 1.4255 | 1.4310 |
| Sept | 1.4348 | 1.4350 | 1.4345 | 1.4380 |
| Dec | 1.4433 | 1.4450 | 1.4431 | 1.4463 |

Volume: 245 (314)
Previous day's open int. 2,227 (2,057)

DEUTSCHE MARKS DM 125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.3824 | 0.3824 | 0.3820 | 0.3835 |

Volume: 21 (62)
Previous day's open int. 441 (456)

SWISS FRANCS SwFr 125,000 $ per SwFr

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4625 | 0.4624 | 0.4619 | 0.4642 |
| Sept | 0.4705 | — | — | 0.4722 |

Volume: 182 (16)
Previous day's open int. 159 (142)

JAPANESE YEN Y12.5m $ per Y100

| | Close | High | Low | Prev |
|---|---|---|---|---|
| June | 0.4468 | 0.4475 | 0.4471 | 0.4483 |
| Sept | 0.4518 | — | — | 0.4533 |

Volume: 36 (55)
Previous day's open int. 501 (454)

### CHICAGO

U.S. TREASURY BONDS (CBT) 8% $10,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 65-20 | 65-30 | 65-14 | 66-02 |
| Sept | 65-02 | 65-12 | 64-28 | 65-16 |
| Dec | 64-20 | 64-29 | 64-16 | 65.02 |
| March | 64-06 | 64-16 | 64-03 | 64-21 |
| June | 63-28 | 64-03 | 63-26 | 64-10 |
| Sept | 63-37 | 63-18 | 63-17 | 64-00 |
| Dec | — | — | — | 63-24 |
| March | — | — | — | 63-17 |

U.S. TREASURY BILLS (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 89.98 | 90.01 | 89.95 | 90.03 |
| Sept | 89.56 | 89.58 | 89.54 | 89.61 |
| Dec | 89.20 | 89.20 | 89.19 | 89.26 |
| March | 88.90 | 88.92 | 88.90 | 88.97 |
| June | — | 88.64 | 88.64 | 88.71 |
| Sept | 88.43 | 88.43 | 88.41 | 8.50 |
| Dec | 88.24 | 88.24 | 88.23 | 88.31 |
| March | 88.11 | — | 88.11 | 88.13 |

CERT. DEPOSIT (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 89.05 | 89.11 | 89.03 | 89.12 |
| Sept | — | 88.61 | 88.53 | 88.63 |
| Dec | 88.14 | 88.18 | 88.13 | 88.20 |
| March | 87.77 | — | 87.77 | 87.83 |

STERLING (IMM) Se per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 1.4270 | 1.4295 | 1.4255 | 1.4330 |
| Sept | 1.4335 | 1.4355 | 1.4315 | 1.4400 |
| Dec | 1.4400 | 1.4430 | 1.4400 | 1.4480 |
| March | 1.4480 | 1.4510 | 1.4480 | 1.4560 |

GNMA (CBT) 8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 68.16 | 68-20 | 68-08 | 68-19 |
| Sept | 67-19 | 67-21 | 67-12 | 67-22 |
| Dec | 66-25 | 66-26 | 66-18 | 66-26 |
| March | 66-01 | 66-01 | 66-01 | 66-02 |
| March | 66-01 | 66.01 | 66-01 | 66-02 |
| June | — | — | — | 65-16 |
| Sept | — | — | — | 65-00 |
| Dec | — | — | — | 64-19 |

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| June | 88.62 | 88.67 | 88.60 | 88.68 |
| Sept | 88.15 | 88.20 | 88.13 | 88.21 |
| Dec | 87.72 | 87.78 | 87.72 | 87.79 |
| March | — | 87.40 | 87.36 | 87.42 |
| June | 87.02 | — | 87.02 | 87.08 |









# WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 16 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

| COUNTRY | CURRENCY | VALUE OF £ STERLING |
|---|---|---|
| Afghanistan | Afghani | 99.00 |
| Albania | Lek | 10.05 |
| Algeria | Dinar | (A) 6.9548 |
| Andorra | French Franc / Spanish Peseta | 11.535 / 213.10 |
| Angola | Kwanza | (CM) 43.7625 |
| Antigua | E. Caribbean $ | 3.84 |
| Argentina | New Peso | 49.65 |
| Australia | Australian $ | 1.5500 |
| Austria | Schilling | 26.375 |
| Azores | Portug'se Escudo | 190.5 |
| Bahamas | Ba. Dollar | 1.4210 |
| Bahrain | Dinar | 0.537 |
| Balearic Isles | Spa. Peseta | 213.10 |
| Bangladesh | Taka | 35.74 |
| Barbados | Barbados $ | 2.849 |
| Belgium | B. Franc | (cm) 76.60 / (fn) 78.475 |
| Belize | B.$ | 2.842 |
| Benin | C.F.A. Franc | 576.75 |
| Bermuda | Bda $ | 1.4210 |
| Bhutan | Indian Rupee | 15.45 |
| Bolivia | Bolivian Peso | (O) 710.5 |
| Botswana | Pula | 1.645 |
| Brazil | Cruzeiro | 1,981.45 |
| Brit. Virgin Isles | U.S. $ | 1.4210 |
| Brunei | Brunei $ | 2.9680 |
| Bulgaria | Lev | 1.3680 |
| Burma | Kyat | 11.60 |
| Burundi | Burundi Franc | 165.92 |
| Cameroon | C.F.A. Franc | 576.75 |
| Canada | Canadian $ | 1.8190 |
| Canary Islands | Spanish Peseta | 213.10 |
| Cape Verde Is. | Cape V. Escudo | 113.91 |
| Cayman Islands | Cay. Is. $ | 1.7052 |
| Cent. Afr. Republic | C.F.A. Franc | 576.75 |
| Chad | C.F.A. Franc | 576.75 |
| Chile | Chilean Peso | 125.56 |
| China | Renminbi Yuan | 2.9929 |
| Colombia | Col. Peso | (F) 135.20 |
| Comoros Islands | C.F.A. Franc | 576.75 |
| Congo (Brazzaville) | C.F.A. Franc | 576.75 |
| Costa Rica | Colon | (F) 61.80 |
| Cuba | Cuban Peso | 1.2462 |
| Cyprus | Cyprus £ | 0.7810 |
| Czechoslovakia | Koruna | (com) 8.50 / (nc) 16.82 / (T) 16.50 |
| Denmark | Danish Kroner | 13.755 |
| Djibouti | Djibouti Franc | 247 (sg) |
| Dominica | E. Caribbean $ | 3.84 |
| Dominican Repub | Dominican Peso | (0) 1.4210 / (F) 2.24 |
| Ecuador | Sucre | (0) 91.80 / (F) 125.32 |
| Egypt | Egyptian £ | (o) 1.1627 / (F) 1.71 |
| Equatorial Guinea | Ekuele | 426.3 |
| Ethiopia | Ethiopian Birr | (P) 2.9400 |
| Falkland Islands | Falkland Is. £ | 1.0 |
| Faroe Islands | Danish Kroner | 13.755 |
| Fiji Islands | Fiji $ | 1.4775 |
| Finland | Markka | 8.0092 |
| France | French Franc | 11.535 |
| French C'ty in Af. | C.F.A. Franc | 576.75 |
| French Guiana | Local Franc | 11.535 |
| French Pacific Is. | C.F.P. Franc | 200 (sg) |
| Gabon | C.F.A. Franc | 576.75 |
| Gambia | Dalasi | 5.00 |
| Germany (East) | Ostmark | 3.75 |
| Germany (West) | Deutsche Mark | 3.75 |
| Ghana | Cedi | 49.8120 |
| Gibraltar | Gibraltar £ | 1.0 |
| Greece | Drachma | 148.90 |
| Greenland | Danish Kroner | 13.755 |
| Grenada | E. Caribbean $ | 3.84 |
| Guadaloupe | Local Franc | 11.535 |
| Guam | U.S. $ | 1.4210 |
| Guatemala | Quetzal | 1.4210 |
| Guinea | Syli | 33.14 |
| Guinea-Bissau | Peso | 112.85 |
| Guyana | Guyanese $ | 5.3360 |
| Haiti | Gourde | 7.105 |
| Honduras | Lempira | 2.86 |
| Hong Kong | H.K. $ | 11.1089 |
| Hungary | Forint | 65.54 |
| Iceland | I. Krona | 41.57 |
| India | Ind. Rupee | 15.45 |
| Indonesia | Rupiah | 1,436.7 |
| Iran | Rial | 124.20 (sg) |
| Iraq | Iraqi Dinar | 0.4441 |
| Irish Republic | Irish £ | 1.2225 |
| Israel | Shekel | 230.6 |
| Italy | Lira | 2,321 |
| Ivory Coast | C.F.A. Franc | 576.75 |
| Jamaica | Jamaica Dollar | 4.84 |
| Japan | Yen | 320.5 |
| Jordan | Jordanian Dinar | 0.528 |
| Kampuchea | Riel | [illegible] |
| Kenya | Kenya Shilling | 19.3930 |
| Kiribati | Australian $ | 1.5500 |
| Korea (Nth) | Won | 1.3555 |
| Korea (Sth) | Won | 1,128.23 |
| Kuwait | Kuwaiti Dinar | 0.4168 |
| Laos | New Kip | 49.735 |
| Lebanon | Lebanese £ | 7.9308 |
| Lesotho | Maluti | 1.7708 |
| Liberia | Liberian $ | 1.4210 |
| Libya | Libyan Dinar | 0.4206 |
| Liechtenstein | Swiss Franc | 3.11 |
| Luxembourg | Lux Franc | 76.60 |
| Macao | Pataca | 11.55 |
| Madeira | Portug'se Escudo | 190.5 |
| Malagasy Republic | MG Franc | 708.20 |
| Malawi | Kwacha | 1.90 |
| Malaysia | Ringgit | 3.2585 |
| Maldive Islands | Rufiyaa | 10.7285 |
| Mali Republic | Mali Franc | 1,153.5 |
| Malta | Maltese £ | 0.626 |
| Martinique | Local Franc | 11.535 |
| Mauritania | Ouguiya | 81.20 |
| Mauritius | M. Rupee | 18.125 |
| Mexico | Mexican Peso | (F) 250.63 / (O) 223.70 |
| Miquelon | Local Franc | 11.535 |
| Monaco | French Franc | 11.535 |
| Mongolia | Tugrik | 4.75 |
| Montserrat | E. Caribbean $ | 3.84 |
| Morocco | Dirham | 11.05 (sg) |
| Mozambique | Metical | (A) 58.95 |
| Namibia | S.A. Rand | 1.7708 |
| Nauru | Australian Dollar | 1.5500 |
| Nepal | Nepalese Rupee | 22.43 |
| Netherlands | Guilder | 4.2325 |
| Netherland Antilles | Antillian Guilder | 2.5436 |
| New Zealand | N.Z. Dollar | 2.16 |
| Nicaragua | Cordoba | 14.34 |
| Niger Republic | C.F.A. Franc | 576.75 |
| Nigeria | Naira | 1.085586 (sg) |
| Norway | Norwegian Krone | 10.775 |
| Oman Sul'ate of | Rial Omani | 0.4925 |
| Pakistan | Pakistan Rupee | 19.16 |
| Panama | Balboa | 1.4210 |
| Papua N. Guinea | Kina | 1.23 |
| Paraguay | Guarani | (O) 179.42 / (F) 227.84 |
| Peru | Sol | exc(A) 3,967.99 |
| Philippines | Philippine Peso | 19.95 |
| Pitcairn Islands | £ Sterling / New Zealand £ | 1.0 / 2.16 |
| Poland | Zloty | 156.35 |
| Portugal | Portugu'se Escudo | 190.50 |
| Puerto Rico | U.S. $ | 1.4210 |
| Qatar | Qatari Ryal | 5.185 |
| Reunion Island | French Franc | 11.535 |
| Romania | Leu | (cm) 6.62 / (nc) 19.99 |
| Rwanda | Rwanda Franc | 139.63 |
| St. Christopher | E. Caribbean $ | 3.84 |
| St. Helena | St. Helena £ | 1.0 |
| St. Lucia | E. Caribbean $ | 3.84 |
| St. Pierre | Local Franc | 11.535 |
| St. Vincent | E. Caribbean $ | 3.84 |
| Salvador El | Colon | 3.56 |
| Samoa American | U.S. $ | 1.4210 |
| San Marino | Italian Lira | 2,321 |
| Sao Tome & Prin | Dobra | 60.75 |
| Saudi Arabia | Saudi Ryal | 5.0085 |
| Senegal | C.F.A. Franc | 576.75 |
| Seychelles | S. Rupee | 9.62 (sg) |
| Sierra Leone | Leone | (0) 3.60 |
| Singapore | Singapore $ | 2.9680 |
| Solomon Islands | Solomon Is. $ | 1.7525 |
| Somali Republic | Somali Shilling | 24.93 |
| South Africa | Rand | 1.7708 |
| Spain | Peseta | 213.10 |
| Spanish ports in North Africa | Peseta | 213.10 |
| Sri Lanka | S. L. Rupee | 35.70 |
| Sudan Republic | Sudan £ | 1.8696 |
| Surinam | S. Guilder | 2.5635 |
| Swaziland | Lilangeni | 1.7708 |
| Sweden | S. Krona | 11.12 |
| Switzerland | Swiss Franc | 3.11 |
| Syria | Syrian £ | (A) 7.10 / (CM) 6.20 |
| Taiwan | New Taiwan $ | 56.63 |
| Tanzania | Tan. Shilling | 17.57 (sg) |
| Thailand | Baht | 32.70 |
| Togo Republic | C.F.A. Franc | 576.75 |
| Tonga Islands | Pa'anga | 1.5500 |
| Trinidad | Trinidad & Tob $ | 3.4104 |
| Tunisia | Tunisian Dinar | 1.1270 |
| Turkey | Turkish Lira | 467.76 |
| Turks & Caicos | U.S. $ | 1.4210 |
| Tuvalu | Australian $ | 1.5500 |
| Uganda | Uganda Shilling | 415 / 432 (sg) |
| United States | U.S. Dollar | 1.4210 |
| Uruguay | Uruguay Peso | 75.15 |
| Utd. Arab Emirates | U.A.E. Dirham | 5.2258 |
| U.S.S.R. | Rouble | 1.1212 |
| Upper Volta | C.F.A. Franc | 576.75 |
| Vanuatu | Vatu | 134.90 |
| Vatican | Italian Lira | 2,321 |
| Venezuela | Bolivar | (o) 6.11 / (o) 10.65 / (o) 19.50 / (F) 13.95 |
| Vietnam | Dong | (O) 15.36 |
| Virgin Islands U.S. | U.S. Dollar | 1.4210 |
| Western Samoa | Samoan Tala | (A) 2.2910 |
| Yemen (Nth) | Ryal | 7.09 (sg) |
| Yemen (Sth) | S. Yemen Dinar | (A) 0.4877 |
| Yugoslavia | New Y Dinar | 182.7498 |
| Zaire Republic | Zaire | 50.0375 |
| Zambia | Kwacha | 2.25 |
| Zimbabwe | Zimbabwe $ | 1.6135 |

* Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (1) Based on gross rates against Russian rouble. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (3) Non-essential imports and private sector applicant. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad.

# INTERNATIONAL CAPITAL MARKETS

## Air Canada launches £40m Eurobond

By Peter Montagnon in London

AIR CANADA, the airline that "makes flights so good you won't want to get off," brought a £40m issue to the Eurobond market yesterday but investors were slow to pile aboard.

Led by S.G. Warburg with Country Bank and Wood Gundy, its 10-year bonds bear interest at 11¼ per cent and an issue price of par, but these terms were regarded as tight for a very weak market and by late afternoon the paper had slipped to a discount close to its total fees of 2¼ per cent.

Bankers said that although the name was very popular with bond investors, international capital markets were yesterday reeling under the weight of price falls in the New York bond market. There was simply not much buying interest in any sector of the marketplace, although actual trading was thin.

A similar fate befell a $50m, 10-year floating rate note launched yesterday by Gotabanken, the fourth largest Swedish bank. Led by Samuel Montagu and BankAmerica International, the paper bears interest at ⅛ per cent over the six-month offered rate for Eurodollars in London. But it fell to a discount of about 70 basis points, which was equivalent to its entire fees, despite the rarity value attached to Swedish bank paper in this market.

No new issues of fixed rate dollar bonds were launched yesterday and prices slipped by around ⅝ points in the secondary market.

Elsewhere, Denmark is raising DKr 100m through a seven-year, 8¼ per cent Euronote issue priced at 99¾ and led by Amro, while the Mortgage Bank of Denmark has launched a Y15bn, 10-year, 7.4 per cent Samurai bond at a price of 99¾ through Daiwa Securities.

● The Italian Treasury said yesterday that it would offer L2,000bn worth of three, six and 12-month treasury bills at its final April auction, with the minimum bid price on the longer-term bills indicating that yields will remain unchanged.

The Treasury will offer commercial banks and other eligible bidders L250bn worth of three-month bills, which are offered under a competitive system and are reserved for the banking system.

Eligible bidders will also be offered L800bn worth of six-month bills. The bills will be offered at a base price of 93.05 of par, to yield 14.9 per cent.

● The Dutch Finance Ministry will accept tender offers on Wednesday for an issue of 3½-year treasury bills against an issue price of par.

**BHF Bank bond average**

| April 16 | | Previous |
|---|---|---|
| 99.743 | | 99.834 |
| High | 1983-84 | Low |
| 100.009 | | 98.056 |

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 16.

U.S. DOLLAR STRAIGHTS — Issued — Bid — Offer — Change on day — week — Yield

[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. Cr. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



# OVER-THE-COUNTER

*Nasdaq national market, 3pm prices*

Stock — Sales (Hnds) — High — Low — Last — Chng

Continued from Page 40

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